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Compliments of
J. C. Walsh

VIEWS AND INTERVIEWS



Being a series of Letters
on the British aspects of MR.
CHAMBERLAIN'S fiscal pro-
posals, forwarded to the
Montreal Herald in the
summer of 1903 by

J. C. WALSH



VIEWS AND INTERVIEWS

LETTER I.

Liverpool, July 1.—When I arrived in Liverpool the papers were as full of the fiscal controversy as the last batch that reached Montreal before my departure. The Government have evidently, in the interval during which one who crosses the ocean is deprived of the news of the world, made some fresh pronouncement concerning their proposed enquiry. To-day Sir Michael Hicks-Beach, Lord Goschen and a number of other stalwart and promising Unionists are meeting to declare their adherence to free trade; we have word that a frank reference to taxes on food was received in grim silence by an audience of rural laborers in Durham, where there is a bye-election; and a Unionist member, in a note to his constituents, flatly repudiates Mr. Chamberlain's dictum that without the bread tax the Empire will go to pieces. A good enough time, one concludes, to enquire of individual Englishmen how they feel towards Mr. Chamberlain's proposals.

Liverpool, perhaps, is not the best place to start, for Liverpool, with mile after mile of docks, built to accommodate the ships that do the bulk of the world's carrying trade, might be expected to be over-partial to free trade. Besides, we have not been told that any demand for a change has come from the shippers, so that it will perhaps be the better part to see what the manufacturers have to say for themselves, since they are supposed to be feeling the brunt of foreign competition.

A Miracle in Housing the Poor.

In this mind I went to-day to Port Sunlight, and spent a little time with Mr. W. H. Lever, at the Sunlight Soap Works. Those who have met Mr. Lever on any of his trips to Canada know that he is something more than the type of the successful British organizer. But only those who have the good fortune to visit Port Sunlight can form anything like an adequate idea of his superiority. The works cover ninety acres. On the other hundred and forty acres of the estate he has builded a garden city, a beautiful creation. There are 540 houses, every one of which is an architectural gem. Lawns planted with shrubs line both sides of every street. There is a free open air swimming bath. There are admirably ordered dining pavilions, one for the men, one for the girls. The streets are permanently paved. The cottages, inside and outside, surpass the fondest dreams of the city workman. And they cost the tenants three shillings and five shillings a week. To understand what it means, one might imagine the operatives of a Hochelaga cotton factory dwelling amid surroundings vastly more attractive than those of Westmount, with no flats, with each his little vegetable garden, and paying half the rent they now pay for a stuffy apartment on a narrow street. While I talked with Mr. Lever the village clergyman came in to ask if the band was to accompany a party of six hundred village children to Mr. Lever's home in the afternoon, and this head of a half-dozen vast estab-

lishments in all parts of the world requested the head of one of the departments to get the matter arranged if it could be done. A couple of hours later the children, beautifully clean, healthy-looking and well dressed, were to be seen in little groups on every street. To work the miracle of Port Sunlight, for it is nothing less, Mr. Lever has set aside a little less than two million dollars, on which he foregoes the interest charge. Add that 3,000 people are actually employed in the works, and 7,000 more directly dependent upon it, and it becomes reasonably clear that the opinions of the man who has built it up are worthy of some attention.

A Free Trader Because It Pays.

"Well," said Mr. Lever, when I broached the subject of Mr. Chamberlain's projects, "you know I am a free trader, but we need not go upon that. Our firm are in the unusual position of being engaged in the same business in several countries. We have the works here, and others in Canada, in Australia, in the United States, in Holland, in Belgium, in Germany and in Switzerland. So, you see, we should know something of the conditions of business as they are affected by tariff and otherwise."

"And you obtain the best results—?"

"In England."

"Why?"

"Because, thanks to our free import system, and to the shipping called into existence by that system, we can assemble our materials here at the minimum of cost, and can deliver the product to all markets at the minimum charge for carriage."

"And in Canada?"

"In Canada we have a tariff protection, but I doubt, knowing as I do what our experience under other conditions is here, whether it is of any use to us, and if it is not actually a hindrance. Protection and all, it is even now a question with us whether, for the supply of British Columbia, we would not do better to make soap here at Port Sunlight."

Some Tricks of the Trade.

"What of the experiment in the United States?"

"That is intimately associated with our cotton seed oil plant at Vicksburg, and there again the play of free trade comes in. We have two of these oil mills, one here and one there. If there is a brisk demand for oil in the States, and plenty offering in England, we make or buy here and let the Americans have all the oil they want from our mills there. If, on the other hand, market conditions are reversed, we sell in the English market from our mills here and use our American-made oil.

"There is just one condition, however, which I should mention. It occurs two or three times each year that tallow comes into this market in such quantities that Americans can pay their duty on it and still lay it down in their works considerably cheaper than the home article. Suppose a factory buys a thousand tons of tallow in this way. If it exports a thousand tons of soap in the course of the same year, whether made from that particular tallow or not, a rebate of the duty paid is allowed. That is a little curiosity in the working of tariffs. Your Canadian makers, of course, know how to buy cheap tallow in this dumping ground of the world as well as other people."

Not Afraid of "Joe."

Mr. Lever is a Liberal, and active in politics. I asked him what he thought of the probabilities. Liverpool, he answered, would doubtless be faithful to free trade, but I must not put too much upon that, as the great shipping centre could not well be anything else. "After you get about among the manufacturers you may perhaps hear other opinions." He did not, however, appear to be greatly frightened at the prospect, and when I enquired whether Mr. Chamberlain's declaration in favor of a new departure did not signify a great deal, he smiled as he answered:

"Well, in this country we are not so much frightened when Mr. Chamberlain's name is invoked. We remind ourselves that no great policy Mr. Chamberlain has made distinctively his own has received legislative sanction. We shall not be much surprised if his zollverein proposals are as ineffective as the others, notably the old age pension plans."

LETTER II.

Manchester, July 4.—It was at Manchester in 1897 that Lord Rosebery said that "to interpose checks upon the free imports of the food of the people, if it were done in the name of the Empire, would only succeed in making the Empire odious to the working classes of this country." And on the same occasion Sir W. H. Houldsworth, M.P., assured Lord Rosebery that, "whatever fears he might have about other parts of the country, he might feel safe that here we are free traders. There might be odd cranks here and there, but if there was a question of the reimposition of the corn laws or of other restrictions on trade, Lancashire would be solid against such proposal."

As far as I can see this statement was not made without warrant. I had interviews to-day with two gentlemen whose positions in the cotton trade are such as to make their utterances practically official, and they are both strenuously opposed to the Chamberlain proposals. One is president of the Association of Calico Printers, a sort of trust, which embraces nearly all the great colored cotton plants of Great Britain, and the other is the president of the Federation of Cotton Spinners, and therefore, for the time being, the spokesman of the whole British cotton trade.

I met the latter gentleman, Mr. C. W. Macara, in his fine old warehouse, built fifty years ago, and still as well adapted for its purposes as almost any in the city. On the wall beside his chair is the picture of a cotton mill, built even longer ago, in which the machinery had been renewed four or five times, and which he claims is still as good as the best.

When I told Mr. Macara that I was looking for British manufacturers who supported Mr. Chamberlain's proposals, that I might ask them what they expected of Canada by way of return for the sacrifices they were expected to make, his facial aspect was not very encouraging. But when I added, "Or for those who are not, that I may ask them, Why not?" he became interested immediately.

Keeping Down Costs.

"Why not?" he repeated. "Well, sir, for more than ten years now I

have occupied a position in which most of my time has been given to studying all manner of practical questions affecting the prosperity of the British cotton industry. As president of the federation I have not only had to occupy a very delicate diplomatic position towards the cotton operatives, but have had to consider a multitude of suggestions emanating from employers. And how may these be described? Almost without exception, outside the questions which crop up between ourselves and the operatives, everything to which I have set my hand has had to do with reducing cost of production. What is the meaning of the burdens Manchester has shouldered in deepening the ship canal? Was that not done that we might break a selfish ring at Liverpool which too long took toll of us? We have not wholly succeeded yet, but neither are we done trying. Have we not been for long protesting against the railway freight charge of eight shillings a ton for carrying bale cotton thirty miles from Liverpool? Is it not largely because of these protests that at least one railway is now putting on larger freight cars? And only a year or so ago, what do you think we learned? This, that American cottons were being carried by British ships to China for 26 shillings a ton, shipped from New York, while British cottons, carried to the same market, were charged 52 shillings. Double the price, and 3,000 miles shorter journey. And in British ships. Well, we went to Liverpool, expressed our views without much qualification, and had the satisfaction, a few days later, of learning that the rate had been reduced to the New York parity. Or take these recent experiments for growing cotton within the Empire. We raised £30,000 in a few weeks for what purpose? Why, because we suffer from the uncertainty of the American supply, and because that, too often, renders us powerless to maintain production at a stable cost. And let me just mention, as showing that the operatives are, equally with ourselves, impressed with the need of keeping down cost of production, that when I brought this project to the notice of their leaders, their different associa-

tions promptly contributed, according to their means to the fund we have been trying to raise."

"I mention these particulars just to show you that reduced cost of production is what we are always aiming at. And now you ask me how I like a proposal to increase that cost."

Where British Cottons Go.

"What is it that imposes upon us this necessity? What would it be but the competition we experience? We know that in one after another of our markets our pre-eminence is being challenged. You know, I suppose, the general aspect of our cotton trade. No? Well, of our aggregate production I think not more than 20 per cent. goes into home consumption. India takes perhaps 45 per cent. We sell large quantities to China and South America. We know that the Americans are becoming increasingly active in both these latter quarters, and I have heard rumors of attempts being made to get British makers to go to the States to teach Americans how to cater to the Indian trade. Does it not seem reasonable to assume that if we wish to sell at all in markets which have tariffs against us, or if we wish to undersell others in neutral markets, our only hope is in getting cost of production down to the minimum? How, then, could we be well disposed towards Mr. Chamberlain's proposal to tax food?"

"And what," I here ventured to interject, "do you understand that Mr. Chamberlain offers you by way of recompense for the sacrifice you find so unacceptable?"

"He offers us more trade in the colonies, but what does that amount to? Your population in Canada is—?"

"Say six millions."

"And are the climatic and other conditions such that your people are likely to use more per head of cotton fabrics than we in this country?"

"Probably not. If anything we may have to use more of wool."

Canada's Trade a Trifle.

"Very well, then; if forty millions of us only account for twenty per cent. of the home production, your market, if we got it all, and neither your own or other makers got any, would only account for about three per cent. It

would scarcely be wise, to get that, to put our position in jeopardy everywhere else. And nobody quite expects that in any conceivable arrangement we would get all your trade."

"No," I suggested, "the authorized view of our manufacturers is that the Canadian tariff should in all cases give them sufficient protection against you, and that beyond that you should have abundant preference as against others. I gather that you would scarcely regard this as ample reward for the sacrifice involved in a tax on food."

At this the blue eyes of the solid British merchant opened wide. He looked at me for a moment as if in doubt whether I was serious, and then lay back in his arm chair and laughed heartily.

"But Mr. Macara," I insisted, when he had recovered a little, "it seems to me amazing, if this is the attitude of the cotton industry, that Mr. Chamberlain should have launched his proposals at all. Who, then, is behind him?"

How Not To Do It.

"I am more amazed than you are. Do you know what industrial England is? Let me tell you. The cotton industry supports more people than any other British industry except agriculture. What I have been saying to you has direct bearing upon the lives of four millions of our people. Then there are the coal industry, the shipping industry, the iron and engineering industries. There are others, but they are, as compared with these, of very minor importance. Now circumstances have brought it about that in these great trades, and no doubt in the others, too, there is some one, like myself, upon whom most of the common affairs devolve. Mr. Chamberlain could have brought half a dozen men together in his office and learned in the course of a couple of hours how his proposals would affect the industries that are the back bone of England. I am sure he did not do it. I am almost certain, although for ten years I have held the balance between capital and labor in the cotton trade, and have so far contrived to avert open disagreement, that he does not know my name. And, except for Mr. Ritchie, they are all pretty much alike there in London. Time and again I

have gone to London to see this minister or that about matters myself and my colleagues thought of the highest import to the British cotton trade, and every time, on making known my business, the clerk would say, "Mr. So-and-So is very busy indeed, but he will spare you fifteen minutes." Isn't it amazing, when you come to think of it, that the Prime Minister of this country can have the hardihood to say, on a matter of this kind, that he holds an 'open mind.'"

"Perhaps he may be waiting till the Land Bill is through before making up his mind," I suggested.

The Labor Leader's Power.

"I know nothing about that. And there is another thing. Mr. Chamberlain professes not to value the utterances of the labor leaders. Well, I can tell Mr. Chamberlain one thing. These men are followed. They are able men, very able men, as we learned in the great strike of 1892, and as I have found since in almost weekly conferences with some of them."

"And by those you meet, how are the new proposals taken?"

"I have met no leader of the cotton factory operatives who is not strongly opposed.

"Pray do not be led to believe," concluded Mr. Macara, "that we of the British cotton industry are out of the race. Not by a great deal. We know full well that our competition is keener than ever, but we know too that we have the most expert operatives in the world, and we hope to see them maintain that position. Our salvation is in that, and in reducing the cost of production."

"These labor leaders of whom you speak are, I suppose, of both political parties?"

"Undoubtedly. Though I have given little thought to that. They and I have had all we could do maintaining peace in a great industry without giving much time to politics. For that reason, though often pressed, I have steadfastly kept out of politics. Nevertheless, I have my opinions on such a policy as this."

The Home Consumer Would Have To Pay

So much for the official head of the cotton trade. Now for the head of one of its important branches. Mr. R. P.

Hewit, president of the Calico Printers' Association, is, if accent counts for anything, a Scotchman, born and bred. I found he had that Caledonian trait, a mind made up, of which Charles Lamb complains. When I put my staple questions, as stated above, he gave me an answer which shows how this long-headed race are apt to look far ahead.

"Admitting," he said, "that Mr. Chamberlain is right when he says that wages would be increased—I don't admit it, but will do so for the sake of argument—what is the next thing to be considered? If higher wages have to be paid, it is we who will have to pay them. There will be no getting around that. And whether it is more wages actually paid, or whether it is that the efficiency of labor is reduced by diminishing its purchasing power, perhaps matters little, the burden upon the industry remains. We know, in our business for example, that the competition is becoming very keen. We know that these new mills in the Southern States are going in for the China trade very extensively. And it is not going to stop there. Suppose, then, that Mr. Chamberlain's proposals have the effect he says they will have, what are we to do? The first effect will be to bring us all together. We are not a unit now, for although our association takes in a great many establishments there are many who are independent of us, and besides goods can come in from anywhere to keep our prices down if we ask too much. But then we would come together, indeed, and we would say to Government, 'You have put a drag upon our industry. You must now put on such a tariff as will keep the home market for us.' And we would be heard, for what we would do other trades would do, and there would be a body of opinion that could not be ignored. And then, when we got a duty, what would be the next step? We would have to do as they do in all other protected countries, take it out of the home consumer, who could no longer rely on freedom of importation, so that we might sell more cheaply abroad. We would have to do it, all of us, just as those who manufacture under high tariff conditions have to do it when faced in neutral markets by our goods. Then where would the home

workman be? Even if he got a little more wages, he would be made to pay more for everything. If he got less wages, as I firmly believe he would, he would still have to pay more. In any case his purchasing capacity would be materially reduced.

By Way of Return.

"I am one of those," Mr. Hewit added, "who have felt that it would be a good thing if we could have free trade within the Empire. I do not know if it would work out, but it is at least an inviting prospect." This was in answer to my question what concession on the part of the colonies would make up to British industry for a food tax involving a preference to our grain. He had formed the opinion, however, that Canadians favored the protection of their own industries. When I repeated to him the terms of the Halifax resolution of the Canadian Manufacturers' Association, and asked him if he saw in that the basis of an adjustment, the idea seemed to be wholly new to him, and he laughed good naturedly at the idea of keeping British goods out and then giving them a preference over all others.

If he regarded this suggestion as rather naïve, Mr. Hewit was much concerned over the possibility, which he thought such an attitude suggested, of estrangement being produced in the future, where the two parties to a trade agreement were so little of a mind, and where considerations of interest so closely concerned the political relations of the Empire.

"The Dumping Ground of the World."

From still another Manchester man, one who will be an accredited delegate to the meeting in Montreal in August, I heard a rather good story which illustrates the other side of the "dumping ground" argument. It seems that not long ago tenders were asked for the construction of some gas tanks in Copenhagen. An English firm got the contract at about £10,800, some £500 or £600 less than the lowest German offer. The English firm owed its success to the fact that it was able to buy German steel plates at the export, or sacrifice, price, while the competing German firm could only get the same plates at the home-market price.

LETTER III.

Manchester, July 6.—By the courtesy of the presiding officer and the secretary of the Chamber, I was to-day permitted to be present at the meeting of the Manchester Chamber of Commerce, called to consider certain resolutions on the subject of the fiscal enquiry, prepared by the Board of Directors. I have good reason to believe that the pronouncement of the Manchester Chamber was awaited with very great interest. Mr. Balfour, to begin with, represents a Manchester riding, and would naturally be curious to know how his constituents take Mr. Chamberlain's offering. Again, Manchester is to industrial England what London is to trading England. Manufacture, as is said, shifted the centre of English population far to the north of where it was before. Manchester is the core of this northern civilization. It was in the Manchester Chamber of Commerce that Cobden used to make people listen

to the gospel of Free Trade. It is easy, therefore, to understand with what anxiety those statesmen who have elected to stand by Free Trade waited for Manchester's pronouncement.

Before the meeting opened there was some doubt about what might happen. It was felt that Mr. Balfour's political friends, who are in the majority in Manchester just now, would do what they could to spare him a rebuff. It was thought that possibly a resolution might be carried simply assenting to the proposed inquiry. But Manchester was loyal to its traditions. The directors brought in a resolution in which they conceded that an inquiry "is imminent," professed their willingness to further than inquiry in every way, and added an expression of confidence that its result would be to establish once again the transcendent advantages of Free Trade.

An Economic Paradox.

A Mr. Hutton, a young and very earnest-looking man, summarized the whole case in a very few words, which the meeting heartily applauded. "What I would like some one to tell me," he said, "and what I have as yet been unable to get anyone to tell me, is, how you are going to improve your position in the cotton trade by increasing the cost of your cottons. Every penny paid for food enters into the cost price of your yard of cotton. How will the taxation of food conduce to lowering the cost of cotton?"

This was the line taken by Mr. Thompson, the chairman, and by Sir William Holland, M.P., who made the principal speech, in support of the motion, and who, with Mr. Elijah Helm, the secretary, will represent the Manchester Chamber at Montreal. I need not repeat Sir William's argument. It was couched in practically the same terms as the statement Mr. Macara gave me in the interview already transmitted, and evidently voiced the deliberate opinion of more than two-thirds of those present, as was proved by a show of hands.

The Opposition.

What interested me more, perhaps, was the attempt I made during and after the meeting to determine the nature of the opposition. About a hundred and twenty voted to confine the resolution to a recognition of the imminence of an inquiry, and to pledging the Chamber to active participation in that inquiry. Perhaps it will be interesting to particularize.

For example, Sir William Holland, who moved the orthodox resolution, is a cotton spinner in a large way. There is reason to believe that he is very glad to have the Canadian preference, because it enables his mills to sell to Canadian cotton makers certain lines of fine cotton yarns, which can be made here to much better advantage than in other places, because of climatic and probably other conditions. For it may not be generally known, perhaps, that moisture has much to do with economy in cotton spinning, so much that Oldham, only eight or ten miles off, was long ago found to be better than Manchester itself, because the moisture is uniformly greater. And

in Manchester it seems to me it is always either sprinkling rain or just about to rain. Mr. Wollmer, on the other hand, who made the leading protectionist speech, is not in active business. He is a German, whose mind is evidently formed on the German plan, and whose business formerly was to sell a certain line of English cottons on the Continent. His chief supporter, Mr. Burgis, is an avowed protectionist. He is not in business either, but was formerly agent for the North of England for a London biscuit house. Neither of these addressed themselves to consideration of the arguments put forward by Mr. Hutton and Sir William Holland. A Mr. Gaddum seemed to me to get closer to business when he complained that the silk industry had suffered. I learned that the Gaddums came to England a good while ago from Italy, where they had a silk weaving establishment. This one married into the family of an old and successful English silk house, and long ago retired from business with a fortune. Another Gaddum, a brother, is head of a great Indian cotton house, who do a larger business in certain lines which they sell in England and on the Continent. This brother was also on the platform, and is a strenuous supporter of the free trade resolution. So, by the way, is the head of the house for which Mr. Wollmer used to work, Mr. Gustave Behrens, a letter from whom was read. Mr. Percy Glass, who pleaded against an immediate pronouncement by the body until more was known of the Chamberlain proposals, and especially until more was known of Germany's action toward Canada, is a dealer in twellings, and avowed himself a free trader.

Protectionists Old and Young.

So much for the speakers. In the audience I saw one or two men hold up their hands for the protectionist amendment who seemed to me well on in the seventies, and who, perhaps, were protectionists in Cobden's day. There were a number of others, younger men, who listened to the protectionist argument with keen interest, and who seemed to me by their ingenuous comments to be really considering the pros and cons for the first time. There were others who, if one might judge by their

facial expression, did not like the situation a bit, and who might well have been quite conscientious in wanting to confine the discussion to the inquiry part of it, out of consideration for Mr. Balfour and their party. I have heard of some supporters of Mr. Chamberlain in the city who are importers of provisions. There are undoubtedly several who have felt in their own businesses the pressure of competition caused by sales of German and American wares in England in opposition to their own. And I have been informed that a considerable number represent trades whose market is in Great Britain almost altogether, and who are not, therefore, moved by solicitude for the ability of English products to compete successfully in foreign markets. Careful inquiries lead me to believe that practically all the opposition falls under one or other of these heads. In Manchester, evidently, the exporters are in a substantial majority. Elsewhere, I begin to suspect, those who make for the home market may be found to be more numerous.

The Colonies Ignored.

One thing I, as a Canadian, could not help noticing. The meeting bothered very little about the colonies or colonial trade. Both sides argued upon what was best for English trade. The Free Traders did, indeed, protest against pressure from the colonies to induce Englishmen to legislate to their own hurt. The protectionists gave no concern to the colonies at all. They argued simply for protection for themselves. The literature they circulated advocated protection for all native industry, agricultural included, with "discrimination" in favor of colonies which might give good treatment to British trade. When Mr. Chamberlain has gotten into fighting trim he may, and probably will, change all this, and identify the colonies with the protectionist cause, but at present the protectionists support protection for its own sake, and, in the large, it is the men who sell to the colonies who are opposed to protection for Great Britain.

The Crux of the Campaign.

Another significant circumstance is that the waverers are in the main young men, relatively that is. The older men have been over the ground

many times. They have listened to Bright and Gladstone, perhaps to Cobden, certainly to Mr. Chamberlain in the days when he was a rampant Free Trader. The younger men have succeeded to their fathers' businesses, are of a generation who knew not Cobden, who have never had to study economics, who have grown up on the custom of substantial dividends, and who are ready to concede at once that an inquiry, and perhaps more, is needed, when they see the Germans or the Americans selling at export prices, that is to say, sacrifice prices, goods they themselves make. These men predominated in the ranks of the oppositionists to-day. And one need not be a very astute politician to discern that in Manchester the great battle will be for possession of the mind of these men. It has already begun.

Shawls, Wooden Shoes and Tripe.

After the meeting I went out to Oldham, and having failed to find the man I went to see, took a walk about the town. It is a factory town, pure and simple. The whole population is employed in the mills. They say that from the top of the hill one can see more tall chimneys than from anywhere else in the world. It is probably true, but as tall chimneys are as common hereabouts as spruce trees in Quebec, one does not stop to count. You are in a forest of them, and a few more or less matters little. But at one of those sharp turns which hillside streets are always bringing I came upon a scene not by any means so commonplace. It was after supper time, and men and women, hundreds strong, were in the market place. The women, ninety per cent. of them, had three garments visible, a pair of wood-soled shoes, a cheap, shapeless skirt and a cheap shawl, generally of one color, covering the head and extending well down to the knees. They looked happy enough, with their wholesome, clear-skinned cheeks and innocent blue eyes, as they spent their pennies with a discrimination that would put our bargain-hunters to shame. In one spot a man had a booth where he sold ready cooked calves feet and tripe. The tripe had a steady sale at fourpence a pound, the usual purchase being a penny's worth. What amazed me in my ignorance was to see a man buy a penny's worth,

sprinkle a little salt over it, then a few drops of vinegar, and pass it ont to his wife. Then he would buy another penny's worth, season it in like manner, and the two would go off together, eating as they went. I am told that this was their supper. They looked as though it might be. A fellow-Canadian tells me that every time he sees this he feels like spending a half-crown and making fifteen couples happy. Of course one wouldn't do it, for he would only look silly. I confess I did not quite believe that Lord Goschen's indignation against what he calls 'gambling with the peoples' food' was

not for the most part simulated until I saw the shawl wearers eating the tripe in the market place. The impression was heightened a minute later, when I came upon thousands, literally thousands, of these shawl-wearer people marching up and down the main street, the iron clamps in the wooden soles of their shoes clack-clack-clacking on the stone pavement. Seeing them thus, all together, one could understand how Mr. Winston Churchill, who sits for Oldham, came out so promptly against the proposals to tax food even when made by the leaders of his own party.

LETTER IV.

Sheffield, July 8.—In Sheffield opinion is more evenly divided on the fiscal question than it is in Manchester. That is to say, the employers differ. I have had no means of estimating the disposition of the workers. Where Manchester Free Traders carried a resolution supporting the existing condition of things, in Sheffield there was a drawn battle, Free Traders and Fair Traders compromising on assent to the proposed inquiry.

The first man I saw on the subject to-day is one of the delegates chosen to go to Montreal in August. He rather felt himself under obligation to respect the truce, and therefore preferred not to enter into a free discussion. His firm manufacture certain forms of heavy iron and steel, most of which is sold abroad, particularly on the Continent. I could not get him interested in the Canadian question, because, as he said, he no longer sells goods to Canada, the trade he once did being now done by the local Canadian concerns. He remarked that the morning papers carried word of a Canadian decision to increase the steel duties, and had evidently made up his mind that Canadian protection is too firmly established to make up his mind that Canadian protection is too firmly established to make it worth while for him to bother about what becomes of the trade.

He referred me to another large firm, the principals of which, while not named to attend the Montreal Con-

gress, have other satisfactory reasons for not wishing their names quoted. In this letter, therefore, I think it best not to name names at all.

Sheffield's Superiority.

The second gentleman interviewed, unlike the first, does business in Canada. That, I said to myself, is something. It will be worth while knowing what he looks for. But in a moment he had mentioned that he also sold to the United States, a statement that was certainly not looked for. The explanation, however, is simple enough. "You see, there beside you," he went on, "samples of the steel we sell. It is for making tools and for other work where the very finest steel is required. Part of it goes into American watch springs. I think it is the fact that we have standing orders from all the large American watchmakers."

"Notwithstanding the high American tariff?" I queried.

"Tariff makes no difference. They have to have it. We quote them a rate delivered at Liverpool, and they attend to the rest."

"But do they not attempt to make it?"

"Perhaps; but we get the orders."

He called a clerk to look up the American rates of duty on different grades. They ran from thirty to eighty per cent. My informant had only a hazy idea of these details, it being enough for him that the orders come in.

"And you continue to sell in Canada?"

"Yes; we have a branch in Montreal, although, to tell you the truth, we do not concern ourselves much with that. The Montreal agent reports to our New York agent, and the business is kept as one."

"How do you think your industry would be affected supposing the proposed food taxes were imposed?"

"Not at all. We would still be making the article others must have. But let us not talk of impossibilities. There would be riots, perhaps revolution, if that policy were seriously attempted."

"Still," I insisted, "Sheffield is evidently divided in opinion on the subject. You did no more than compromise in your resolution. Who, then, may I ask, go to make up the other side?"

"All those," with a merry twinkle, "who have let their plants get out of date, and who find themselves going behind."

"Does that apply both to exporters and to those who make for the home trade?"

"Not in the same degree. Exporters have not let their plants get out of date. Broadly speaking, the exporters are for free trade, those who make only for the home market want protection if they can get it."

I remarked that something like this division had suggested itself to me at Manchester.

"You are not wrong. You will find it the same everywhere."

An Instructive Classification.

A few minutes later I had a chat with a director of another large concern, makers of crucible steel, who also sell in Canada, and also through their New York house. This gentleman has a very large business connection with Sheffield houses, and for my information classified them as follows:

First, the makers of special grades of steel, which are bought in all countries, in the States, for example, because as yet the Americans prefer to take orders for twenty bridges or a hundred locomotives, and would rather buy such goods in Sheffield than make for themselves.

Second, the makers of fine articles, as cutlery, the demand for which continues, because, as in the case of Rod-

gers' cutlery, the skill transmitted from generation to generation of workmen, the training of eye and hand, cannot be duplicated in new countries. But this applies to only the higher grades. "I do not suppose," my informant said, "the Rodgers firm have sold any cheap ware in North America for many years, but they sell as much as ever of the finer wares." And Mr. John Rodgers seemed to have the same condition in mind when, later in the day, in showing me through the firm's showrooms, passing some particularly beautiful cutlery, he said: "When it comes to this class of goods none of them can touch us."

Third, smallwares of the commoner sort, sold in Great Britain, and in "unsophisticated" exterior markets, like South America and the Orient.

Fourth, makers of ship plates, the great demand for which comes from British shipyards, and armor plate, the demand for which originates with the British Government.

A Leading Fair Trader.

Assuming, as we probably may, that this classification is essentially correct, it seems safe to expect that the demand for tariff changes would come, if at all, from those who make for the home market. But then, on the other hand, one would not expect these latter to be very much concerned over what might be done in Canada, where they have no trade. It was therefore with no little curiosity that I awaited an interview with a gentleman of whom half a dozen active manufacturers had spoken, before I did see him, as the most active Fair Trader in Sheffield. I do not give his name only because the others have not been mentioned.

Sure enough, he turned out to be an ardent advocate of Mr. Chamberlain's proposition. He had no Canadian trade, his silver plate ware being all sold at home. He had the idea that the Canadian market was supplied by Canadian goods made from Canadian patterns. He was very grateful for the Canadian preference, by which he did not profit a penny's worth, and felt assured that it helped account for the increasing sale of Canadian products in Great Britain. He thought it deserved repayment at the hands of Great Britain. When I asked him to specify, to say whether this repayment should take the

form of a shilling, two shillings, five shillings preference on Canadian grain, he said he would be willing to make up to us for the extra cost of carriage. That he would do for Canada; and for Australia, which took British goods in practical preference to all other, he would be willing to do a great deal more, but did not clearly see what.

"So that," I ventured to summarize, "apart from the mutual political advantages which it might be argued would flow from the beginnings of preferential trade, so far as your own business is concerned, your principal interest in Mr. Chamberlain's proposed readjustment of the fiscal system attaches to the competition you are obliged to face in the home market?"

"Certainly, and why should our position in the home market not be made

secure against those who give British products no consideration in their markets?"

Free Trade Within the Empire.

It should be added that of those with whom I had opportunity to casually discuss the matter in the course of the day, practically all were favorably disposed towards the general idea of increased trade between the several portions of the Empire. But every man of them understood by that genuine free trade within the Empire. When I mentioned the expectations of some of our manufacturers, that there might be a preference for Canadian goods in the British market, and protection for Canadian goods in the Canadian market, they seemed to be downright sorry that such a suggestion should be seriously made.

LETTER V.

Leeds, July 9.—Here Canada is in evidence, and it is not hard to come upon people who know at first hand the bearings of the Canadian tariff. There are some Canadian buyers of woollens here in Leeds to-day, and there are local merchants who have just got back from Canada. These latter gentlemen are under no misapprehension about the state of Canadian opinion. Whatever Mr. Chamberlain or anyone else may promise, they do not believe that the Canadian tariff on their goods will be lowered.

With one who returned only last week I had quite a long conversation. He remarked that, whatever might account for it, Canada had certainly been purchasing immense quantities of goods this past two years, and, moreover, the buyers had been getting rid of the goods, and fresh orders were coming in. He was rather disposed to think, however, that Canadian mills might be feeling the effects of this, as it seemed to him the Canadian houses bought nothing at home until they had sent buyers to England, and that afterwards the Canadian mills might go short of orders. In this view, and recognizing that a good deal of money is locked up in Canadian mills, he was quite unable to believe, knowing Can-

adian opinion from first hand, that Great Britain could look for any further reduction of Canadian duties.

The Preference and the Canadian Boom.

"The fact is," he continued, "in the case of our own firm, the reduction of duties and the present booming of Canada has been rather an inconvenience. I speak, of course, admittedly from our single standpoint. Under your old tariff, when there were complicated duties, when it was so much per cent. and a specific duty of so much more, the trade was done in Canada by the big Canadian houses. Others might try it for a year or so, but when they had paid for being astray in their calculations a few times they quit. You know we prefer dealing with one big house to dealing with a number of small ones, and a badly complicated tariff is in that sense an advantage for the big fellows. But as the case stands now, there are a dozen English houses in the Canadian business where there used to be one. Since your duties came down, and since we began making much of Canada in this country, we are all sending representatives there and opening agencies, and, what is worse, the retail establishments are opening ac-

counts direct. Practically anybody from Canada can come into a Leeds, or Bradford, or Huddersfield business house to-day, and by merely producing his business card, get credit."

"And they pay, I suppose?"

"Yes, they pay; so far, at any rate; but I'm afraid the situation may be somewhat panicky here if times get to be such that they find it difficult to pay, as I suppose will be the case. But that is not my point exactly. All I wish to remark is that your tariff and our Canadian boom have brought about a degree of competition in the Canadian market that did not formerly exist. Still, with all that, we have very considerably enlarged our trade during the past few years, and are all very glad of it."

Who Gets What the Preference Saves?

"When you speak of enlarged trade, do you mean enlarged output or increased profit?"

"Enlarged output."

I put this question to clear up a point concerning which I had some conversation with a Montreal merchant before leaving home. He had been importing an English article used in building before 1897, and paying a certain price laid down in Montreal. That price, he told me, has continued practically unaltered, notwithstanding the three reductions of duty, of first an eighth, then a quarter, then a third, the inference being that the London merchant, whose sales to Canada have increased but very little in the meantime, had simply pocketed the additional profit. In the Leeds case, on the contrary, I was assured that there has at least been an increase in the quantities sold, whatever may be the case as to profits. I made inquiries on this point in Manchester, too, and learned that the effect of the preferential tariff was to facilitate the profitable export of several lines, particularly cotton yarns of various kinds. And in Sheffield a cutlery dealer of high standing complained that the Canadian purchasers insisted upon taking the full advantage of each successive reduction, so that in the way of profit on a given quantity the British maker has not been materially advantaged. No doubt he gets his share, however, and doubtless, also, if the Canadian consumer

has not already had his share, he, too, will get it as competition grows keener under the usual impulses.

The head of another Leeds house I found engaged with his Canadian correspondence when I was shown into his office. He, also, was surprisingly well informed concerning the state of the public mind in Canada. Of course, with information arriving daily from his Montreal and Toronto correspondents, he ought to be well informed, and I only use the term in a relative sense, and to distinguish the view point of the man who actually does business with Canada from that of the man, equally influential in England, no doubt, who conducts a large business without touching Canada. I shall repeat, a little further on, what one of these said to me this morning.

The Weakness of Canadian Mills.

When I approached the subject of preferential trade with the gentlemen actually doing business in Canada, they both took the view to which the second I saw thus gave expression:

"We are undoubtedly grateful for the existing preference, as it enables us to send to Canada some lines we could not send there if the preference were withdrawn. But we are not at all hopeful that the duties will be further lowered, because we know the local manufacturers are hard put to it already. Mind you, I think it is largely their own fault, for I have noticed that whenever one Canadian mill comes out with a good article, the others at once copy it, and presently they have made so much as to overstock the market. Then, as they cannot begin to compete with us in any outside market, they all find themselves suffering. Probably it is because the home market for any one line is so small that they find it necessary to adopt this wasteful and unprofitable plan, but there is the fact, and even if they had the higher duties they ask for, this disastrous policy would still have to be pursued. The consumers would pay more, and the position of the maker would not be improved. We here do not hope for lower duties; we are well pleased to be as we are; and I for one cannot help feeling that if the Canadian Conservative party got into power the duties would go up and our trade be curtailed."

Home Protection Wanted.

"Holding these views, what do you think of Mr. Chamberlain's proposals?"

"Oh, as to that I am holding an open mind till I see what they really are. If Mr. Chamberlain will put high enough duties on German, French and Belgian woollens entering this market, it will undoubtedly be good for the British woollen trade."

"In what market?"

"In the home market, of course. This is where we suffer from their slaughter sales."

"Why here, rather than in Canada, for instance?"

"Because this is many times over the larger market, and a parcel of German or American goods left over after the home trade in those countries had been satisfied will find ready sale to our clothing makers when it might easily oversupply the Canadian demand for that line."

"Then it is a duty on the finished product you look for?"

"Certainly. Without that there is nothing the result of the inquiry can do for us."

"And the bread tax?"

"Well, if we had the home markets perhaps we would not have to work short time so much, and steady work might more than make up to the workingman for what he would pay in taxes."

Would Threaten ; But—

Next I saw the head of a large house which does no business with Canada. Here are his views as he gave them, with a minimum of prompting. When I had stated my business, he said:

"I have grown up in the belief that protection is a hindrance, that it is best to buy in the world's market and to depend for ability to compete upon keeping down the cost of production. We in this country can make woollens so much cheaper than they are at present made anywhere else that in the protected countries we could very often find a profitable entry even with fifty per cent. against us. In countries where the all-round protection is less, and where, by consequence, cost of production is less, a very much lower tariff will suffice to keep us out. I don't know which view is held in Can-

ada, but it seems to me you would be wise to make the most of those industries which by nature pay you best, resting confident, as I believe you might, that the establishment of other industries for the supply of a steadily growing home demand would follow quickly, and would rest upon a much more profitable basis than they could if you injured yourselves as a whole in the effort to maintain them in advance of their time.

"As to preferential trade, it would seem to me to be highly beneficial to you and to us if you were to open your markets freely to our products, taxing the goods of other countries if you felt that your need of revenue made that desirable. I think we might for that purpose agree to levy a tax all round of say five per cent. on goods from all other nations. It would doubtless have to be supplemented by an income tax, which I can well believe would be an unwelcome resort, for example, in the present circumstances of South Africa."

"Where do you find your principal market? At home?"

"Yes, and in India. You know the protective tariffs of other nations shut us out of most of the markets where people use woollen clothing, so that the woollen industry, except for some special lines in which for quality we cannot be approached and for which there is always a certain market, is being more and more confined to the home and colonial markets."

"And what do you make of Mr. Chamberlain's proposals?"

"They seem to me to be good in so far as the proposed inquiry might be expected to indicate the use the protected nations make of the British markets. That having been accomplished, a British Government might, with general support, threaten reprisals if others persisted in not treating us fairly. I think I should threaten but I don't think I would really retaliate."

"What part do you estimate a country like Canada would play in all this?"

"Undoubtedly if free access to the Canadian market could be secured, it would be well worth negotiating for."

"Would you consider as a satisfactory basis, to begin with, the declara-

tion of some of our manufacturers that they favor a preference for Canadian goods in the British market and protection for Canadian goods in the Canadian market, and beyond that a preference for British as against foreign goods?"

"Why, that would be giving you an advantage in our market in return for shutting us out of yours. Some people might like that. I shouldn't. Good morning."

LETTER VI.

Bradford, July 10.—After the conversations I had in Leeds with men doing business in Canada, it was not difficult to guess what one would hear in Bradford, where there is, and has been for years, a very large business with Canadian wholesale houses. To test the matter to the end, however, I called upon the great firm of A. & S. Henry, one of the largest firms doing business with Canada to be found in all England. Most of our large Montreal houses, I was assured in Leeds, do business with this firm. I naturally sought out the head of the Canadian department, Mr. Corry, and found him, as I found the Leeds men, keenly interested in the problems of the trade. He had been attracted by the Chamberlain proposals, and was quite anxious that the suggested inquiry should go on, so that, if a way opened for securing a continuance of the present good position of the trade, it might be utilized. Mr. Corry, it may be said at once, does not look for further reductions in the Canadian duties. He knows very well what is the strength of the movement in Canada in the opposite direction. He does not agree that the present Canadian tariff is unfair to the Canadian mills, because, he says, those Canadian mills which have been brought up to date as regards machinery and other economies of production can make and do make some classes of goods in which they can undersell the British competition. This applies, I gathered, to materials in which the relatively hard Canadian wool is the important constituent, materials, for example, which rival the Scotch tweeds. In fact, he said, repeated attempts had been made to make them in the Bradford district in competition with the Canadian makers, and always unsuccessfully. In the materials made of the longer and softer Australian

wools, that is to say, the finer cloths, Great Britain is able to produce more cheaply than any other country. Mr. Corry made the same remark upon the ways of Canadian makers that had been made in Leeds. The smallness of the market, he said, forced the Canadian makers to imitate each other's products, a process fraught with grave sacrifice of economy. And in answer to a question he said he did not believe the position of the mills would be greatly bettered even with a much higher protection, so long as the requirements of the small market forced them to continue this wasteful policy, as it necessarily would. Mr. Corry, however, does not look for further tariff concessions by Canada to the British woollen trade. What he hopes for is that a way may be found to give Canada something in return for the preference, to the end that the Canadian tariff on British woollens may be left as it is.

Wants Things Left as They Are.

It will be as well to state, in view of what follows, that the firm of A. & S. Henry is a merchanting house, and not directly engaged in manufacturing.

Mr. Corry, not wishing that I should carry away an incomplete impression, introduced me to his fellow-directors, Mr. Longbottom and Mr. Turner, the one in charge of the continental business, the other of the business done at home.

Mr. Longbottom expressed himself at once as opposed to any deviation from the present fiscal system, whether by Inter-Imperial preference or otherwise. When I asked why, he promptly answered "Because I want to know where I am going to sell these goods."

"Is it so near touch and go as all that?" I asked.

"Well, if you were trying to sell goods

in France and Germany and elsewhere, and knew that you only had that much the best of it now (he here applied his thumbnail so close to the top of his pencil that one could just see the tip), you would be very particular not to do anything to wipe out your advantage, wouldn't you? Putting taxes on food, which enters into our cost of production at every step where labor is employed, could not fail to increase the cost, and so leave us worse off. That is the whole argument for free trade. We want it retained, because without it we could not hold our trade."

I had to wait half an hour before seeing the third director, Mr. Turner, he being busy during that time sending off some orders to France for some cloths, samples of which were before him. When I did see him he had two arguments in favor of Mr. Chamberlain's proposals. First, he thought such countries as Germany, which put high tariffs on British goods, might be induced to mend their ways if they were given what he called "a bunder on the nose." That is the only talk some people understand in an Englishman, he commented. Secondly, he thought the Americans might be brought to their senses and be induced to treat British trade a little better if their cereal export trade was made to suffer through a preference of half a crown (60 cents) a quarter being accorded Canadian wheat. As they saw our land filling up, and Canada getting the business they now do, they would very soon seek a better basis, and there would be a new and better arrangement than exists at present.

"But," I ventured, "where would we be after your deal with the Americans

was made, and we had lost our half-crown preference?"

"I see that difficulty," he replied "and what could be done about it—well, I don't know."

A Plentiful Difference of Opinion.

In brief, under the spacious roof of the A. & S. Henry Co. I found a plentiful difference of opinion, the divergence being on the same lines as have been indicated in previous letters, as having been made manifest elsewhere. The exporter sees in preferential trade, or any other form of protection, the ruin of his business; the man who sells in the home market is impressed by the possibility of keeping German goods out; and the man with a Canadian trade would like if something could be done to stave off dislocation of it by Canadian protectionist legislation.

It happens, sometimes, that all three heads are covered by one hat. I found some such, and found that with them the free trade arguments are the stronger. One merchant, while not concealing his opinions, begged that he be not quoted by name in a Canadian paper, for, said he, "Whenever I suggest to some of my good Canadian customers that free trade is the only thing for us here in Yorkshire, they jump down my throat." And he gave me the names of some of them, of whom I can very well believe it.

I learned, incidentally, that the organization in defence of the existing system is being quietly perfected, in Bradford at all events, so that it is not quite safe to infer from the apparent inactivity at Westminster that Mr. Chamberlain is having things all his own way.

LETTER VII.

London, July 13.—There is no room for doubt about what is the chief political topic in London. The trade dispute is in evidence everywhere. The newspapers are full of it, you hear young fellows talking it over at the hotel tables, you catch frequent references to it while you ride in the 'buses, and at Westminster they think of little else. Some talk, some do not; and it is not Mr. Chamberlain's friends who

show the most confidence just now. He seems to have given a promise not to speak till after the session, and his followers wait for him. Mr. Balfour, also, does all he can to keep his followers from actively supporting the claim of the Opposition press that the only subject on which the people speak is the only subject on which Parliament will not talk.

One of the first members I met was

Mr. Toulmin, M.P. for Bury, the first man elected as a protest against the grain tax of last year. Mr. Toulmin's experience serves to indicate how strong is the opposition of the working classes to a tax on food. He was a newspaper man in Bury, which seat had been captured by Sir Henry James for the Liberal-Unionists after the Liberal split in 1886. When Sir Henry became Lord James of Hereford, Mr. Toulmin, who is still a young man, took hold of the organization. In 1900 he was a candidate, and was defeated by about 800. When the bye-election was ordered, within a month of the imposition of the tax on grain last year, a Liberal convention was called. Mr. Toulmin had naturally an abiding sense of the difficulty of carrying the seat, but he had necessarily to attend the convention. He found its mind already made up, both as to his candidature and as to the issue which should dominate the discussions. It was opposition to the bread tax from first to last, and after a short campaign he won by 400. And this, as we all know, was the first of a long series of reverses which led the Government to repeal the obnoxious grain tax at the first opportunity.

Lancashire's Teeming Population. .

By way of accounting for the reaction in public sentiment which was the means of sending him to London, Mr. Toulmin explains that in Lancashire the working population is made up of 525,000 textile operatives, 130,000 who work in factories where textiles are made up into clothing, 180,000 in factories making metals and machinery, much of which is used in the cotton and allied trades; 100,000 in the quarries and coal mines which depend upon the cotton trade for a continuous demand; 150,000 on the railways, whose chief business in Lancashire is in moving many times over the materials of the cotton industry; 90,000 in commercial pursuits closely identified with the cotton trade; 125,000 in the building trade; 50,000 on the docks, and 50,000 on the land. Of the million and a half thus accounted for, perhaps 400,000 are women workers. "Now, when you pause to consider," said Mr. Toulmin, "that four-fifths of our cotton output has to find its market outside Great Britain, it is, perhaps, not so much a

matter for wonder that these people are unalterably opposed to a tax whose tendency must be to increase the cost of production."

"And it should be understood, moreover, that the cotton operatives of Lancashire know, almost as well as the employers, what is the margin of profit upon which this great industry is sustained. The word 'margin' is familiar to them. They have, in many centres, their great co-operative mills. Some of the largest mills in Oldham are worked on this principle. They know all the secrets of the trade, all its costs, all the fluctuation of the markets. They are familiar with tariff questions, because they know at first hand what is the bearing of tariffs levied in all parts of the world upon their industry. They know, for they are careful students of their business statements, that out of the £90,000,000 which Lancashire merchants get for finished cotton every year, about £35,000,000 has to be paid for the raw cotton, leaving only £55,000,000 to pay the cost of carriage, the fixed charges upon capital invested, the wages of all concerned, and the profits upon the enterprise. So well do they know all this that only a very short time ago, when they thought they should have a 10 per cent. increase of wages as their share of the 'margin,' and when, thanks to the admirable system on which they conduct negotiations with the employers, they went fully into the whole subject with Mr. Macara, of Manchester, and his colleagues, they accepted 2 1-2 per cent., and were very glad to get it. So familiar are they, in fact, with the conditions of trade that they are even now joining in a petition to the Indian Department which seeks to have duties of 3 1-2 per cent. on cottons entering India removed.

"And there is another matter which must not be overlooked. Our workmen have long been exerting themselves to keep down the cost of living, and the great co-operative societies of Great Britain have resulted. In this respect we are far in advance of any other country. Some of these establishments represent millions of investment, and they are managed absolutely by the workmen, who get business statements regularly, and compare them keenly. The co-operators are, nearly to a man, against taxes on food.

They passed emphatic resolutions the other day at their convention at Birmingham, and Bury co-operators were among the most active of those who secured my election, not, of course, as a body, but in their private capacity as electors, protesting against a tax whose operation they believed would be bad."

In such circumstances it is easy to believe Mr. Toulmin when he adds that he is absolutely convinced of the righteousness of the cause he has undertaken to support, and of which, because his was the first of a series of signal victories, he has come to be regarded as an especial champion.

Another Lancashire Member Speaks.

From another Lancashire constituency comes Mr. Theodore Taylor, who is, however, a Yorkshireman, and the head of a large woollen establishment at Batley. Mr. Taylor won a constituency from the Government in the "end of the war" general election of 1900, when the Liberal party was almost wiped out of Parliamentary existence. He says he would never have been able to overcome the natural jealousy of Lancashire against Yorkshire had it not been for the argument he then used, that Mr. Chamberlain was likely to resort to taxes on food.

Be that as it may, Mr. Taylor's own views as a manufacturer are highly interesting, particularly as he is one of those who have a large home trade, as well as some in Canada. The British woollen trade, he says, has experienced many fluctuations, and his own firm, which has continued through three generations, has had its share of experiences. In the fifties there was a large trade with the United States, which was suddenly checked when the war tariff was put on. About the same time, however, the negotiation of the French treaty of reciprocity, followed by favored nation treaties with other countries, opened up a good market on the continent of Europe. Then, in the seventies, and largely as a result of the Franco-Prussian war and the consolidation of Germany, high tariffs were once more levied and interference

with trade began again. In the succeeding period a great many English firms moved to Germany, and some to France. Mr. Taylor's own firm was repeatedly asked to go to Germany, and were offered what appeared to be great inducements. The market was not wholly lost, for, while the Germans made cloth, it was inferior to the English, and a good German demand for English materials continued. Then, about 1890, the Germans gained a distinct superiority over British makers by realizing, long in advance, that in women's mantles the demand is not so much for long wear as for appearance.

"The Germans," Mr. Taylor says, "discovered this before we did, and it was only one of the ways in which the application of a generally highly trained intelligence worked to their advantage. We make these mantle cloths at our own mills, and I very well remember the feelings of irritation we English makers experienced when we found that London buyers of cloths, London mantle makers, would not look at our samples until they had first seen what the Germans had to offer. Our own firm, unlike some others, set to work to change the conditions. We acted from the first on the belief that the intelligence and zeal of our workmen was what had to be looked after. We went in, amongst other things, for profit sharing. The experiment has worked well, for our mills have been enlarged from time to time, and we no longer have to wait on London until the Germans have had their innings. On the contrary, and this is one reason why I am so strongly in favor of free trade, thanks to our being able to import without duty any class of yarn required in the preparation of good looking cloths, whether these yarns come from France, or Belgium, or Germany, or anywhere else, we have a distinct advantage over our competitors, who have to pay duties on every article so drawn from other countries. It was only the other day that a German maker told me that the only thing he required to enable him to compete on good terms with us was that ability to import freely which is secured to us by our present fiscal system."

LETTER VIII.

London, July 15.—Appearances may be deceptive, but unless they are Mr. Chamberlain is in a position of practical isolation in Parliament. His past successes lead people to believe that he will make a better showing after a while, but just now he and his policy are attacked on all hands, there is nobody defending the policy, and he himself is apparently under bonds not to talk. Whenever a member of the Cabinet speaks, it is possible to read into his remarks a note of antagonism to the new proposals. The Duke of Devonshire, two days ago, spoke regretfully of the country being promised, "or, rather, threatened with an agitation" on the subject, a remark which was certainly indiscreet unless it was intended to convey the meaning the exultant Opposition take from it. The scene in the House to-day, described by members who were present as the most dramatic of the session, reflects exactly the situation as I have found it indicated in the lobbies. But while a stranger in the lobbies naturally doubts the genuineness of the apparent isolation of Mr. Chamberlain, what actually happened in the Commons stands for itself and challenges explanation. The Unionist Free Traders had cudgelled their brains to find a way of debating the subject without formally breaking with the Ministry. Mr. Hobhouse, a man universally respected, was to ask for a day. Sir Michael Hicks-Beach, the real leader of the section, led the attack, and managed, though quite improperly, to make a little speech. Mr. Balfour, obviously worried, denied the request. He seems to have made up his mind to go on with the Land Bill and London Education Bill as fast as possible, and, indeed, a few minutes later, promised Mr. Redmond an early day for the third reading of the Land Bill. But when he reiterated his refusal to discuss fiscal matters except on a vote of censure, Mr. Hobhouse promptly and pertinently asked if that was the position in which he wished to put his own followers. Mr. Balfour answered that of course he did not expect his followers to do anything of the kind. He wanted the Opposition to do it. Then came the dramatic mo-

ment for Lord Hugh Cecil, Mr. Balfour's cousin, Lord Salisbury's son, and who is currently believed to voice the views of his father, set the House into a veritable uproar by pointing out that Mr. Chamberlain had asked the House to discuss the question. The air of conflict was not in the dozen words, but in the young man's manner. He is undoubtedly, in the opinion of excellent judges, catching the House just as his father did forty years ago. The precise terms of Mr. Chamberlain's invitation were read out. But Mr. Balfour was inexorable. Meantime, where was Mr. Chamberlain? He had quietly slipped out of the House just as Sir Michael opened the incident, and left his unhappy colleague to get out of the difficulty as best he might. Everybody believes that he wants the debate to go on, and that he keenly enjoys the daily discomfiture of the majority in the Cabinet who will not have it. Two incidents, significant enough, followed. As the members filed into the lobbies on a proposal to extend the time beyond midnight, some of the Free Trade Unionists held back. "Aren't you coming?" asked a passing colleague. "No, you will get no more votes from us," was the answer. I have no means of knowing whether this decision is general and deliberate. Secondly, Lord Hugh Cecil is alleged to have approached Mr. Chamberlain in the lobby, to have accused the Colonial Secretary of undermining him in his constituency, and to have said plainly that he would not stand it.

Difficulty in Finding a Logical Defence.

As a further indication of the state of things here, I may mention that it is very difficult to come upon a private member who is prepared with anything like a logical defence, or even explanation of Mr. Chamberlain's plans. On the other side there are any number. The Liberal party seems to be absolutely solid for free trade, and if there were any who hesitated, the clear expression of opinion in their constituencies has brought them into line. The Liberal Imperialists are, if anything, more assertive than the others. The

flower and promise of the Conservative representatives are arrayed against Mr. Chamberlain, and are not sparing Mr. Balfour. We must wait if we want to know what Mr. Chamberlain's support is to be.

Meantime it may be of interest to place before readers of the Herald the views of a Liberal Imperialist and a Free Trade Conservative.

I was presented to Mr. Robson, a Liberal Imperialist, that is to say, a strong Rosebery man, soon after coming to London. His opinion counts, for he is one of the rising younger men of that group. Perhaps, after Mr. Asquith and Sir Edward Grey, he is most highly considered by the House. Mr. Robson said that it was just because of his concern for the future of the Empire that he opposed the entry upon a preferential tariff system. He thought it clear that Great Britain could only approach the subject on a free trade basis, and he believed it to be equally clear that the self-governing colonies would not approach it except on the protectionist basis. In such circumstances he could see no prospect of anything but a series of disagreements, and he was wholly unable to satisfy his mind that anything could come of it but a condition of mutual exasperation. That was not a condition to which he, as an Imperialist, could look forward without the most grave misgivings. He held that the events of more than half a century had amply justified the belief of the Liberals of an earlier day that in according to British dependent communities the fullest control over their own affairs, the affection of the colonies would be conserved to the Mother Country. And he believed that in this crisis the colonies, having obtained that grant of perfect freedom of action, should, without fault-finding, leave to Englishmen the unfettered control of a matter of such vital importance to these islands as their trade and commerce.

Interview With Mr. Winston Churchill.

The Conservative member is Mr. Winston Churchill, a young man who has come to the front, and who, all agree, will make still further progress. He reminds one very little of the pictures of Lord Randolph, except, and this happened half a dozen times dur-

ing the half-hour I spent with him, when his subject gets the upper hand of him, when he leans forward in his chair, and when his eyes take on a peculiar gleam which is more than a little disturbing, and which instantly reminds one of that odd something about Lord Randolph's physiognomy which the cartoonists all managed to catch, and which the great public accepted as the index of genius. Winston Churchill, even in an exacting world, has already given proofs of uncommon mettle. It may be called genius before any of us are much older.

"You will let me begin by saying that in this country nobody is in the least disposed to underrate the value of the sentiment typified by the preference you have accorded our trade. We welcome it as an evidence that affection for Great Britain does prevail in Canada, and that assurance is worth far more to us than whatever profit to our trade may have resulted from the preference itself.

"But when you ask what we contemplate giving in return for that preference, I shall not fall back upon the simple fact that we already give a great deal when we bear the whole cost of the navy, but will assume at once that you allude to the proposal to tax our food supplies that your grain may have an advantage over that of other countries. On that point there is this to be said. If we gave you a preference such as would assure to you the results you look for, it would probably have to be something handsome, not a shilling a quarter, or perhaps even two shillings, but possibly five shillings. What I mean is that if we are to make the operation of the preferential principle really worth while to you, if we are to make sure that it will have the result, as predicted, of rapidly bringing your great Northwest under cultivation, it must involve such a tax on food from elsewhere, on the great bulk of our food supplies for a long time, as would be distinctly felt by our people here. If, on the other hand, we accorded only such a preference as would make little or no difference here, neither could it be expected to work any wonders with you. You know, doubtless better than I do, what devices such agencies as the great transportation

companies in Canada and the United States, which divide between them the haulage of our North American grain supplies, occasionally employ to secure to themselves the utmost the traffic will bear. May we not believe that, under a preference which would not hurt us here, the margin might thus be absorbed, perhaps by American agencies, and that settlement in the Canadian West would receive very little impetus? To accomplish the object aimed at, even under heavy cost, would be something, but to concede the principle and not get the results would certainly be highly unsatisfactory.

A Way That is Full of Dangers.

"And even if we could get some such result, it does seem to me that the suggested way to it is full of dangers. If we tax our food, I doubt if you could give our trade much in return. You have your industries called into being under the artificial stimulus of protection. To summarily knock the props from under these would precipitate such a crash as could not but have its dangerous reaction upon your affairs. Besides, in a new country you need revenues, which cannot, in practice, be as well raised as by levy upon imports. You could not, therefore, accommodate your system to what would be our immediate needs. And even if you could, I doubt if it would repay Great Britain for the sacrifice she would have to make. In Canada you do not realize what this taxation of the food supply means to us. Much of our large population has been called into being by this policy of cheap food. As many millions as there are now in the self-governing colonies are just able to live from hand to mouth. Any interference with the system under which we have lived for the last half-century cannot fail to react directly and imme-

diately upon all these people. We live in a thoroughly democratic country, without such safeguards, for example, as the United States Supreme Court or the French peasant proprietary, and I cannot but believe that it would be an extremely dangerous thing to see the British people hungry. Nor would the danger be in the least diminished if they were able to associate their own wretched condition with a real or imaginary prosperity in British colonies beyond the seas.

"Let me add that I altogether deny the justice of the observation that unless we do what the colonies are asking we shall lose the Empire. No one who has been"—and he smiled—"to Winnipeg and to Pretoria will believe that. There are two kinds of Imperialism. There is that of the camp, of which we have seen something. And here let me mention, as curiously interesting, that of those who served in Africa and who are now in the House of Commons, practically all are opposed to the taxation of food. Then there is the Imperialism of the politician, perhaps, who wants votes, and the Imperialism of the tradesman, who may think he sees in it some addition to his own wealth. I do not believe, for my part, that the sort of men I met in Canada are going to advocate the break-up of the Empire because Great Britain does not see her way, in justice to the people of these islands, to impose taxes on food, and to disturb the system under whose operation, after all, we are still the most powerful of all Empires. We are a steady-going people, we English, but we do hold very exaggerated language sometimes. The Empire's fate does not depend, as some make out, on our adoption of this policy. They used to tell us, a few years ago, that the Empire was played out, and on the down grade. And yet we came through the war stronger than ever."

LETTER IX.

London, July 20.—Mr. Chamberlain has been muzzled for some time past, and those of his supporters who are in the Ministry also consider themselves under bonds to keep the peace. There is something sublime about the way

the people hereabouts continue to wear long faces in presence of the most ludicrous situations. Just before I sailed from Montreal Mr. Chamberlain had made arrangements to address some six thousand of his constituents on his

that as a result of the garden party the own lawn. After what had gone before, many of us half expected to hear "pushful" Secretary's resignation had been asked for, and a general election precipitated. It turned out, however, that the party did not come off, that the grass was too long, or something of the sort. There were a few smiles over this, but very few, for our friends here know it means that Mr. Chamberlain has agreed to "keep off the grass," and they see no humor in that. And now that he has sent word to his friends that he will not be able to attend his own postponed garden party, they do not smile either. Politics is too serious a business.

But while he is kept busy holding his tongue, and artfully stepping out of the House just when awkward questions are about to be asked, Mr. Chamberlain seems to be fairly active in other ways. He has an organization whose telegraph address is "Consistent, Birmingham" (which really has elicited some smiles), who are making it their business to circulate what we would call protectionist literature in quantities worthy of a Canadian political organizer. What is more serious, they are sending this literature to the party backers of all the Unionist members, including, naturally, the fifty-odd who have pronounced openly against Mr. Chamberlain. I am informed, for example, that Sir Michael Hicks-Beach's position at Bristol is badly undermined, in this and other ways, and that he may not stand for there. The friends of Mr. Gibson Bowles, at King's Lynn, obligingly send him all the latest Birmingham pamphlets, and the same kindness has evidently been shown Lord Hugh Cecil by his friends at Greenwich. Mr. Balfour meanwhile pretends every day to be cross with some over-inquisitive Liberal member. Nobody believes that he really is out of temper, but as he simulates so well, and since he has no other recourse, people really admire him for the completeness of it. To crown all, a set of election literature has just been issued from the Conservative party headquarters in London, which strongly reminds a Canadian of the Conservative literature of last election, part of which was designed for consumption only in Quebec, and the other part for consump-

tion anywhere except Quebec. This is a little better than ours, however, for it consists of a set of leaflets marked A, consisting of speeches favoring the Chamberlain proposals, and another set, marked B, being selections from speeches opposed to those proposals. His Grace the Duke of Devonshire is given the very great, if unusual, distinction of being quoted on both sides of the controversy, one speech going with the A leaflets, another with the B leaflets.

Where nobody outside the Cabinet knows how to explain this unprecedented situation, the theory that obtains most credit is that all members of the Cabinet have been induced to suppress their differences until after His Majesty's Irish visit is over. The King left London to-day with the Land Bill, as one member puts it, "in his pocket." It is to be read the third time to-morrow, when, also, he will arrive in Dublin. This coincidence undoubtedly lends color to the theory just mentioned, and strengthens the belief that His Majesty had much to do with the initiation of this great conciliatory measure. There has been, by the way, a disquieting, but happily indefinite, renewal of ill reports about the state of the King's health.

Difficult to Find Men Who Will Talk.

In these circumstances I have found it pretty difficult to get what one might call an authorized statement of the Chamberlain side of the controversy. Mr. Bonar Law, an ardent disciple, is a member of the Government, and therefore, much as he might like to, forbidden to talk. A number of others, whose names need not be given, were standing by Mr. Chamberlain, and were quite content to leave the argumentative side to him. Mr. Parker Smith, one of the younger stalwarts, was in the delicate position of being Mr. Chamberlain's private secretary. It was no use bothering Mr. Chamberlain, for if he could not speak to England, he could not be expected to address the Canadian readers of *The Herald*. Eventually, Mr. Parker Smith recommended Captain Arthur Lee as being the private member best qualified to expound the Chamberlain view. Mr. Lee (he prefers to drop the military

title) will be remembered as having been in Canada about 1893, and as having been present in Cuba during the war there. After that he came back to England, easily obtained a seat in Parliament, and has ever since attracted a good deal of notice in a House where young men are quietly given to understand that they are to be seen and not heard. He was, as a matter of fact, recommended to me as about the best informed of Mr. Chamberlain's young men by members on both sides.

I began by asking Mr. Lee if the divisions in the party were real, and if it was actually the case that Mr. Chamberlain was going into a fight which he apparently expected to win without those elements of personal support which count for so much in political struggles; if Sir Michael and his following were really breaking away; if, in short, the great Conservative party was in process of breaking up. His answer was definite enough. He considers that Mr. Chamberlain, by launching his new programme, has effected a new division of opinion in British politics; that those Unionists who have taken their stand against him now are to be reckoned for the future as cut off from him and from his side; that the general election will see a complete set of candidates favorable to the new ideas put in the field; that many of the bolting Unionists may, if they get Liberal help, come back to the House, but that the "wobblers," two hundred-odd, will in most cases disappear; that members of the House will go down in the general election in numbers so great that history provides no parallel; and that by the time the smoke has been blown away, British political parties will have eliminated many present and recent controversies from the discussion, and have set out upon a new era of political division.

"And the immediate outcome?"

"I myself look for two general elections within eighteen months."

Capt. Lee Looks for an Early Election.

This, of course, could only mean that Mr. Lee expects to see Mr. Chamberlain beaten at the first election; so, without straining the quality of mercy, I thought best not to press the point. The remark, however, coincides with what, from another informant, I learn-

ed Mr. Chamberlain's calculations to be. It seems he discusses these matters quite frankly with his intimates, and thus his views get a wide currency. He counted, I am told, in his cold, electioneering fashion, that he would lose a hundred Unionists in the House and gain thirty Liberals; that in an election to be brought on quickly he would lose; that a poor sort of Liberal Cabinet would be patched up; that between his own aggressiveness and their weakness, the Cabinet would not last long, and that then, as Britain's only strong man, he would come back to power. Mr. Lee quite evidently had all this in his mind when he spoke of two elections in eighteen months. So I merely asked:

"Don't you think that a rather dangerous calculation?"

"Oh, mind, I don't say we want two elections in that time. No member of Parliament ever wants an election. But from all appearances we must have them."

"You count, that is to say, upon a weak Free Trade Cabinet becoming quickly unpopular. But have you reckoned all the chances of its being a strong Cabinet? What if Hicks-Beach and some of his friends were in it?"

Mr. Lee admitted that there were various elements of doubt about all this. What he made no attempt to conceal, however, was that the hope of Mr. Chamberlain's disciples was to see him come back to power at an early day, at the head of a strong and devoted party.

Mr. Balfour, Mr. Lee assured me, has the greatest admiration, almost, indeed, an affection for Mr. Chamberlain, is with him heartily in this latest development, does not enjoy the possession of power as some men might, and would probably interpose no serious obstacle to the return of Mr. Chamberlain at the head of a united party. I find those who dissent very strongly from this view, but that is another story.

Expect Canada to Increase the British Preference.

We now came to the trade question, and, starting at the Canadian end, I asked Mr. Lee what he expected would be given us, and what we were expected to give.

"For Canada," he said, "we have already committed ourselves to the remission of a tax on grain which we think should be imposed as against the rest of the world. But that remission we should not give, of course, without getting some concessions in return."

"By way of further reductions of our duties on your goods?"

"Certainly. Otherwise we would not get very far. Speaking for myself, what I look for is an increase of the present preference, so as to make it fifty per cent."

"You are aware, no doubt, that some of our manufacturers think the duties on British goods already too low, and that there might be difficulty about further reducing them?"

"There is always that element of doubt, but I am assured by many correspondents in Canada that it would be done."

"Do you understand that such a trade arrangement would be expected to lead, in the end, to a reorganization of the Empire in respect of other matters, of Imperial defence, say, and Imperial federation?"

"Undoubtedly."

"And you choose to enter by this door——"

"Because we have been assured by your statesmen it is the only door that is open."

"But after all," went on Mr. Lee, "the colonial part of this controversy can very well wait. There is no great hurry about that. We might make an arrangement with Canada, say, or with South Africa, very soon, and if Australia or New Zealand did not want to come in, they might remain out until such time as they saw their way. What really presses, what makes the real dividing issue in British politics since Mr. Chamberlain spoke at Birmingham, is the necessity for safeguarding British the safeguarding of British industrial interests against unfair competition from outside. That is what we shall have to preach, and are now preaching in the constituencies."

"We would call it advocating protection," I suggested.

"Perhaps. Here we prefer to describe it otherwise."

LETTER X.

London, July 22.—At noon to-day, at the Westminster Palace Hotel, the Duke of Sutherland presided over the first meeting of the Imperial Tariff League. As I had been told that this meeting would mark the beginning of a new era of political conflict, I thought it as well to attend. The room was rather small for the purpose, but, as those about me said, better a small room well filled than a large one half filled. I am bound to say the gathering had a very forceful air. Two or three hundred well-dressed Englishmen always give one that impression, for, while they are never exuberant, they seem to know their own minds very thoroughly, and there is always more than a sprinkling of strong faces. To my mind the audience in this case was much better to look at than the speeches were to hear. The meeting was evidently very carefully organized, for the recognized supporters of Mr. Chamberlain were very active both before

and during the meeting. Mr. Parker Smith, Mr. Chamberlain's secretary, seemed to be in charge of the details. Mr. Chaplin, Capt. Lee, Sir Gilbert Parker and several others of those who are looked upon as out and out Chamberlainites were very much in evidence. The speeches, for the most part, were frankly protectionist. And to me it seemed very significant that the first marked outburst of applause came when Sir Herbert Maxwell referred to the depression of agriculture which had accompanied the operation of free trade. Evidently the embers of old fires still burn.

How Englishmen Express Their Approval.

It is rather interesting to a Canadian to note how the applause is graduated at these London meetings. If the approval is confined to one or two, there is a half-suppressed "heah-yeh." If the interest is keen, three or four

together will say "Heah-yeh-yeh," much to the gratification of the speaker. But if a well-turned phrase goes straight to the heart of the audience, they all say "heah-yeh-yeh-yeh-yeh" (I think five is the limit) as fast as they can, and it makes quite a respectable volley of sound. This is vociferous cheering, understood and reported as such, and serves the purpose, no doubt, quite as well as more noisy acclamation. Only you have to know the rule to appreciate the significance of the demonstration.

Well, from the way the reference to agriculture was received, I was quite satisfied that there were a good many landlords about, who would be glad of any measure of advance—or retrogression, all depending on the point of view—to the good old times when rents were adjusted according to the amount of wheat that could be grown and sold at prices kept high by legislation. The other outburst was when somebody mentioned the name of Mr. Chamberlain, connecting it with the expression of a hope that by his agency some industries now hard put to it might be maintained, and others, perhaps, restored. This indicated, to me at all events, that the idea of protection for certain home industries dominated the meeting. And when Mr. Parker Smith, at the close, suggested that politics had been somewhat dull of late, but that they now had a great cause and a great leader, and should be well content, it struck me that he quite voiced the general sentiment.

Duke Who Resembles Minister of Public Works.

Beyond this I confess I found the proceedings rather dull. There was evidently genuine satisfaction over the fact that the Duke of Sutherland presided. The Duke did not strike me as very wonderful. He looked a little like our own Hon. "Jim" Sutherland, but with some of the tough fibre combed down, and something, at times, like Mr. George Casey, ex-M.P. He had the air of a man doing his duty, and that, no doubt, is highly commendable in wealthy dukes when there is a political campaign going on. The young Duke of Westminster was not there, but intimated his approval by letter. But

there was a fillip of interest lent by the presence of Lord Heneage, who is said to be rather close to Lord Rosebery. He was not expected, and was not invited, but when they got him there they had him propose the resolution nominating the general committee. This was a stroke of practical politics not without its risks, for while many present were plainly interested in duties on grain, Lord Heneage blandly suggested that probably the inquiry would not show that there was any need for food duties at all.

The other suggestive incident came when Mr. Brassey, who has lost several elections as a Liberal candidate, including a recent bye-election, who has been identified with Lord Rosebery's Liberal League, and who issued some time ago a comprehensive plan for the general reorganization of the Empire, announced that he was going to stand by this new league and the new policy, even if he had to separate from his political party. There had been rumors that some Liberals were to come out for Mr. Chamberlain, and this morning a letter appears in the Times signed by eleven of them. None are members of Parliament, and the Liberal evening papers, with what warrant I do not know, rather make fun of the defection, on the ground that those who are known have long had a fancy for Mr. Chamberlain, while the others are unknown. One, by the way, is that Mr. Wollmer, who made at Manchester a good old-fashioned protectionist speech such as we in Canada have been listening to these twenty years or more.

At the close of the meeting the Duke of Sutherland named a central committee, composed of men nearly all of whom are closely associated with Mr. Chamberlain. So that, while it was not exactly an exciting occasion, I have no doubt the meeting really marked the opening of a formidable campaign, to be conducted under the direct inspiration of the man who, whatever his other limitations, is conceded to have no equal in the art of electioneering. I should add that in the proceedings colonial topics counted for little, and, when introduced at all, were used to bolster up the demand for home protection, which was the real concern of the meeting.

The Duke of Devonshire On Plain Speaking.

This morning's papers contain an account of another meeting, that of the British Empire League, at which the Duke of Devonshire, Mr. Chamberlain's phlegmatic colleague in the House of Lords, did some plain talking. The Duke, in fact, is quite the most interesting political figure to-day, for while Mr. Chamberlain consents to being muzzled, the Duke goes about with no muzzle, and preaches Free Trade daily in the House of Lords, accentuating the difficulties of the Cabinet, and making men wonder how long the present unexampled political situation can last. Nobody expected the Duke to talk politics last night, for he has the air of doing it only when somebody applies a goad to his ribs. He looks, as he sits in the House of Lords, as though it is only with the greatest difficulty that he can keep his eyes open, and seems, while he protests that people ought not to pay so much attention to Mr. Chamberlain's vagaries, to want nothing so much in the world as to get home and to bed. But instead of going to bed last night, he went to the British Empire League, and this, amongst other things, is what he said:

"We boast that we are a plain-spoken race, and I do not think that the least plain-spoken of the British race are those who dwell in our colonies. (Laughter.) It would be well that we should both speak to each other on this great subject in the plainest possible terms. We are bound to let the colonies know that this question, which was started as a colonial one, has reached a stage almost at its very inception in which it has become far more a question of internal British politics than even of colonial politics. (Hear, hear.) I am sure that our colonial countrymen will not resent it if we make them understand, as I think in honesty we are bound to make them understand, that this question has reached a practical and is no longer in a sentimental stage. Sentiment and business are each of them very good things, but I do not think that much advantage is derived from attempting to mix them up together. (Laughter.) It is sentiment which binds the family together. It is sentiment which in-

duces every member of a family to come to the rescue and assistance of any other member who may be in difficulty or distress, and it is similar sentiment which binds, and I think always will chiefly bind, our colonies to the Mother Country. (Cheers.) But I do not know that very much advantage is found when members of a family who have set up for themselves in business attempt to conduct that business with their parents or with each other on purely sentimental principles. If we keep in view as our first object the maintenance, strength and prosperity of this great Empire, the cardinal question which an Imperial statesman has to consider is the strength, prosperity and welfare of the centre, and I am sure that our colonies will not resent it if we tell them plainly and clearly that if we are induced to assent to any considerable changes in the fiscal and commercial arrangements which we have hitherto thought conducive to our interests, we shall do it in our own interests, and not simply for the purpose of being a means of conciliating their good will."

The Colonies Must Be Prepared to Sacrifice Something.

And a little later, alluding to the preferential trade resolution of the last colonial conference, he made a statement which beyond question voices the prevailing sentiment here, but which, to me, does not appear to go well with the attitude of those of our Canadian manufacturers who declare themselves in favor of a preference for Canadian produce in the British market and ample protection for Canadian industries in the Canadian market. The Duke said, and the sentence was extracted from his speech and endorsed by all the morning papers:

"Whatever immediate advantage may be likely to accrue to any of our colonies from such preferential arrangements, we are bound to recognize that these advantages can only be secured by means of something in the nature of a bargain, something in the nature of a series of treaties, something in the nature of a bargain which each party will be bound to adhere to; and

whatever may be the immediate advantage which will be secured to any colony, I do not think that it will be doubted that they will be called upon to surrender something of that inde-

pendence and perfect freedom of action in their fiscal, commercial and industrial legislation to which hitherto they have appeared to attach in their own interest so great an importance."

LETTER XI.

London, July 23.—Something like a debate on the only topic which interests the British public took place in the House of Commons to-day. Lord Lansdowne had brought down a week ago a paper containing the correspondence between himself and Baron von Richthofen, of Germany, on the Canadian question, and it was found possible to work in a discussion of at least this phase of the matter when the House was voting supply to the Foreign Office. It was not a satisfactory debate, because the differences between members of the Government could not be discussed, nor could the general fiscal policy, and therefore the Unionist free traders kept out of it. But it was lively as long as it lasted, and at times came very close to a most interesting aspect of our Canadian situation.

I was rather surprised, on looking over Lord Lansdowne's paper, to find that the correspondence between Sir Wilfrid Laurier and Mr. Fielding on the part of Canada, and Mr. Bopp, of Montreal, on the part of Germany, was not included in the return, although it had been made public by Mr. Fielding in his budget speech of April last, and although it must have been regarded as an important preliminary to the imposition of the surtax on German goods, which caused all the row. There are two or three allusions to this correspondence in the paper laid before the House, but no details are given. What is yet more strange, Mr. Chamberlain has twice denied having seen the record. There is a private Liberal member, a Mr. Black, from Scotland, who has been presenting questions to the Government with a quite masterful ingenuity and a disconcerting frequency. Among other matters he fell upon this one, and, after sparring for two or three days asked Mr. Chamberlain about the Bopp negotiations.

Mr. Chamberlain replied that the negotiations had been wholly informal, and that no record had been kept. It was a shot in the dark as far as Mr. Black was concerned, for, as he told me afterwards, it was his instinct that told him this correspondence must be very important, as he had never seen it. Then to-day, after Lord Cranborne had made a somewhat striking announcement, Mr. Blake, who is always well posted on Canadian politics, informed the House that the correspondence had been published at Ottawa, adding that it was high time it should be published here. Mr. Chamberlain, coming on a little later, made what was, to me at all events, an astonishing statement. "Technically, of course," he said, "no negotiations could go on between Canada and Germany; but there was an interchange of views between certain persons, who might be said to be representatives of Canada, and the consul-general of Germany. They were not in a proper and technical sense negotiations. We have not received any record of them. As far as I know no such record exists." And this from the man whose partisans boast that he is the only English statesman who knows what is going on in the colonies.

A Curious Lapse.

Readers of the Herald will remember that the correspondence was of the greatest importance, and that the negotiations failed for want of what Germany called a safe legal basis for the negotiation of a treaty which should apply to Germany and Canada alone, and whose benefits the parties to Great Britain's favored nation treaties should not automatically share, whatever their treatment of our products. It was of the greatest interest, also, because Sir Wilfrid Laurier, one of those whom Mr. Chamberlain describes as a "person who might be said to be a repre-

sentative of Canada," had used language not wholly consistent with much that is held here. Sir Wilfrid was plainly enough going on the supposition that Canada ought to be considered an individual economic entity when he conceded to Mr. Bopp that there are a few old treaties which still stand in the way of our complete commercial liberty, and when he added that "we propose to get rid of them at the earliest opportunity." Surely something of this ought to have been known to Mr. Chamberlain before he and his colleagues embroiled themselves in a quarrel with Germany in which they seek to defend Canada against being treated as a separate economic entity. Mr. Chamberlain says he knows nothing of all this. And I suspect that what brought Mr. Blake so promptly to his feet after Lord Cranborne had sat down, was the declaration made by the latter, delivered in a tone that carried a very evident challenge, that "even if it could be shown, as my hon. friend, (Mr. Bowles), tried to show, that up to that moment (April to June 1903) Canada had been treated in all respects as a separate fiscal unit, all we have got to say is this—that, however, long that had continued, it must be put an end to, and put an end to at once. We were not prepared to go on any longer in the face of the modern developments of cordial feeling between all parts of the Empire, with a disability of this kind in respect of fiscal relations with foreign countries." I am bound to say that this struck me as being intended for Canadian consumption, and that it made me sit up. But then, when Mr. Chamberlain said he knew nothing about Sir Wilfrid's letter, of course I had to give Lord Cranborne the benefit of the doubt. I noticed, moreover, that Lord Edward Grey, Mr. Lloyd George and Mr. Emmott, all Liberals, and who all seemed to be in the know, kept clear of this point. Mr. George, at all events, spoke with a copy of the Canadian Hansard in his hand. But while he is one of the brightest young men in the House I am told that these fiscal subjects are a little beyond him as yet for want of study, his whole time, of late, being given up to fighting, on behalf of the Nonconformists, the Government's education measures.

Two Younger Men.

So much for the debate. But it is rather in watching the debaters that one gets an understanding of the present currents of British politics. Sir Charles Dilke, who led, is evidently able, but has little grip upon the House. Members came in to hear Mr. Gibson Bowles, because there is always an interest in watching a party supporter flay his leaders, particularly when he does it artistically and in all good temper. Lord Cranborne, Lord Salisbury's heir, does very well indeed, and if he treats the House rather truculently at times, asserting himself overmuch for a youngster, I take it the House likes the treatment. He seems to know its moods, and gets an excellent hearing, largely, no doubt, because he has something to say. Mr. Brodrick, the much-abused Minister of War, is another favorite with the House for this reason. Sir Edward Grey, about Lord Cranborne's age, is quite as assertive, but gives the impression that he is not as courageous, is more afraid to speak his mind, and as one who has watched the game from very close quarters in England for the last sixty years told me the other day that courage in this country is the highest political qualification, no doubt the impression Sir Edward makes upon the casual observer is one that will stand to his hurt if it is made upon the minds of those more immediately concerned. He has abundant self-confidence, but that is not precisely the same thing, particularly when the rank and file of a great party are weighing its leaders in the balance.

Chamberlain in Action.

Mr. Chamberlain followed Sir Edward, and in two minutes the House filled up. He has a beautiful voice, round, penetrating, and he plays upon it, doubtless only half consciously, but not unconsciously, to express in shades of sound his varying emotions. As you listen you understand his power over an audience, even this audience of critics. His soft tones give him a deprecatory air. He seems to be moderating his power. He carries himself amazingly. He seems to regard the mind of the House as his preserve; and a single incident served to show

how little the studied modulation of his voice indicates his real temper. He had given his version of the German business, and Mr. Asquith was giving another. Mr. Asquith, it is enough here to say, is a great lawyer, and knows how to alter a construction without departing from the facts. Mr. Chamberlain had no fair excuse for interrupting, but he did interrupt, and, as Mr. Asquith remained standing, motioned him to sit down. At once arose a storm of "Oh's," for the House, as Mr. Churchill says, is a twenty-foot ring. Mr. Chamberlain had no right to the floor unless Mr. Asquith willingly conceded it, so he had, of course, no right to do what he did; but he did it, in his smoothest tones blamed the noise makers for their over-sensitiveness, and then blandly re-stated his position. The incident lasted only a minute, but it was enough to explain the attitude of the British public towards the man who now has it by the ears. He is hated and he is feared. I get no indication of his being loved. There are those who are devoted to him, but it is generally because they have hitched their waggons to his star. He is, as "C. B." said at the dinner to the French deputies, the enfant terrible of the House.

The Spoiled Child.

Mr. Balfour, on the other hand, and on the same authority, is the spoiled child. He is so nice about everything that the House forgives him anything. In this debate he stated a certain fact, was interrupted, and straightway ad-

mitted that he was not very certain about it, as the matter, which, by the way, he had made the hinge of his speech, had only been brought to his notice a moment before, and he might be wrong. In truth, the House had seen Mr. Chamberlain showing it to him, and was neither surprised nor displeased that the gentle Premier had got it wrong, especially when he owned up so handsomely. But the House does not treat Mr. Balfour as an intellectual force to be despised for all that. Far from it. And there was an amount of vigor about his performance of ten minutes, in the course of which he said nothing, that revealed his power. Just now he does not choose to exert it, but he may have occasion to change all that.

Of Sir Henry Campbell-Bannerman and Mr. Asquith, it can only be said that they would be excellent as supporters of a Gladstone, for they are both very able men, even brilliant men. But the public is looking for some one to step into Gladstone's shoes, and the shoes are several times too large. "C. B." lacks the presence and the voice. In matters of judgment he has the confidence of his followers. He is reliable, but not magnetic. Mr. Asquith is a powerful speaker, but too much the lawyer. It sounds like special pleading. One has to listen to a debate like this to realize the full import of the present actions of Sir Michael Hicks-Beach. The British public likes a smack of the lion in its public men, and Sir Michael, with the possible exception of the Duke of Devonshire, is the only one visible at present who has it.

LETTER XII.

London, July 27.—All the papers are to-day busily explaining the result of the Barnard Castle election. That contest has been going on ever since I landed in Liverpool, and I once or twice thought of going to the spot, but there were complications outside the fiscal question, and I decided not to. The constituency is in Durham, up near the Scottish border. The Earl of Percy owns the castle from which the division takes its name, a famous old seat.

The Earl is a Chamberlain man, and has been urging the new policy with vigor. At the very first meeting held, the Earl and another local Tory leader talked food taxes to the agricultural laborers. They took it in silence. But a couple of days later, Colonel Vane, the candidate, rather went back on the food taxes, though he held to the need of enquiry. Then began a big fight for the Liberal nomination, which ended by both Mr. Beaumont, the regular

Liberal, and Mr. Henderson, the Labor Liberal, going into the election. An outsider can never tell, but it seemed to me Mr. Henderson, who was once thought good enough to stand with John Morley in Newcastle, should have been given the nomination in a place where the organized labor vote was so strong. Dr. Spence Watson, a long time leader of North British Liberalism, so declared himself, but too late. Once straightened out, the contest did turn largely on fiscal matters. Mr. Henderson, the Labor man, was for keeping the present system, and against what he considers "the hypocrisy of enquiry." Mr. Beaumont, the Liberal, was against food taxes, but willing to see what plea could be made for retaliation. Colonel Vane, the Conservative, backed by Sir Gilbert Parker and all the rest of Mr. Chamberlain's disciples, gave a judicious support to Mr. Chamberlain's proposals, and undoubtedly expected to run in between the two Progressives. But it is the Labor man who is elected; Colonel Vane comes out with 222 votes less than he got two years ago; the Progressives between them are 1,143 stronger than they were then; and it is the out and out opponent of bread taxes and protection who is elected, to the general surprise. Nearly all the papers fence with the question, for in one or other aspect the result is disturbing. The Standard, the Government organ, which on Friday practically demanded Mr. Chamberlain's resignation, owns up handsomely and a paragraph may here be quoted with advantage as indicating the attitude of traditional Toryism towards the new policy:

Puzzling Advice.

"If the Barnard Castle election has its warning for the Liberal party, it would be idle to deny that it conveys a still more serious admonition to the Unionists. It is the first appeal that has been made to a considerable body of voters since the political horizon was disturbed by Mr. Chamberlain's fiscal proposals. There is no doubt whatever that the tariff issue overshadowed all other questions in the contest. It was deliberately forced to the front by Colonel Vane's principal assistants on the platform, and laid before the constituency in its most specious form and with abundant rhetorical ability. The Dur-

ham miners and laborers were asked to authorize a movement in the direction of food taxation and protective tariffs. Their answer is unmistakeable—as unmistakeable as that of the Lancashire mill owners and cotton operatives. The shadowy allurements of old-age pensions, and even the vague hope of increased wages, do not weigh in the balance against a dearer loaf and a restriction of the area of employment. The shrewd and cautious men of the manufacturing and mining districts will require a good deal of persuasion before they will consent to overthrow ab initio the system under which our industrial greatness has grown to unexampled dimensions. If they are to be converted to new ideas, or reconverted to old ones, the programme must be presented to them in a different form. They may, perhaps, see some advantage in measures designed to protect our own markets from the unfair competition of bounty-fed foreign manufacturers. But a movement to tax imports, for the doubtful benefit of the colonies, which do not particularly desire the boon, is not likely to gain their support. The Unionist leaders will be unwise if they ignore the sufficiently emphatic and not unseasonable hint which the Barnard Castle electors have given them."

The pro-Chamberlain papers all lay stress upon the fact the day was so fine as to induce some farmers to stay at home making hay.

The Labor Group.

The success of Mr. Henderson adds a fillip of interest to the political situation. It is morally certain that after his election the Liberal party will arrange to make larger provision for straight labor candidates. There would seem to be no good reason why it should not. Their cause is in the main the same, and one is easily convinced, by attending almost any debate, that almost every other interest is directly represented. Commercial interests in China, in Persia, in Africa, anywhere, have their recognized spokesmen. Why should not Labor have its special representatives, especially when the men Labor has sent, men like Burns, Shackleton, Bell, Crooks, and Keir Hardie, compel the admiration and respect of their fellows in a higher de-

gree, on the average, than do the representatives of almost any other class? It is pretty clear that Labor is going to have them, and whether they are useful to the Progressive cause when they get there depends very largely on the sort of treatment they meet with in the Liberal nominating convention. There has been talk, lately, of their forming a group, as in the French Chamber. But after next election it is probable the necessity for this will be avoided.

There is one group in Parliament already. The Irish party are just now in high fettle. They have seen the Land Bill passed, and they think they know how it came to be passed. A Scotch Licensing Bill was up in the House the other day, and the Temperance men were forcing division after division.

"What are we voting on now?" one of his followers asked Mr. John Redmond.

"I don't know what you may be voting on," was the reply, "I'm voting for Ireland."

To me Mr. Redmond added, "We have the Land Bill; we must now look forward to Home Rule. If a Free Trade Government offer Home Rule, and can give it, we vote for Free Trade. If a Protectionist Government offer Home Rule, and can give it, we vote for Protection."

Principles vs. Tactics.

It is not, if you are impressed by the gravity of the fiscal controversy, an admirable position, and English Liberals do not hesitate to tell Mr. Redmond so. But the fact is that Mr. Redmond's position in the House has been gained by following just this line. English Liberals count Mr. Dillon as one of themselves, for he is a political evangelist after their own heart; but for that very reason, for the reason that he stands by his convictions on social questions, he has not Mr. Redmond's influence in the House. The leaders of the regular parties, and the rank and file, for the matter of that, know where Mr. Dillon's sympathies are as between English parties. What has bothered them is to know where Mr. Redmond's votes are. Just now these are with the party that brought in the Land Bill.

Mr. Dillon's views, nevertheless, count for much, and Liberals are recalling two speeches of his a year ago, one in which, of his own motion, he moved an amendment in respect of the eight thousand single school districts, which deeply gratified the nonconformists who object to their children being educated in Church of England schools; and the other when, apropos of the grain tax then newly levied, he warned the House that in certain circumstances the Irish people, living almost wholly by agriculture, could not be absolutely counted upon as faithful to free trade. The Land Bill, one would say, has increased their temptation. Mr. O'Brien, more powerful in Ireland than either of the others, is resting after his victory. He is ill, has undergone a slight operation, and is off to the Continent to recuperate. The approaching election will impose a great strain upon the party loyalty of Irish Nationalists in England, for they will be subjected to all the influences which operate with other workmen—as most of them are—and they must know that Home Rule is not an immediate issue, and will not be, probably, till the Land Bill has been some time in operation. Nevertheless, in many English and Scotch constituencies, the bulk of them will probably vote as Mr. Redmond directs, following the precedent of 1885.

Mr. Blake Plain Spoken.

Mr. Blake, as anyone who knows him might expect, is not, on this question, a strictly orthodox member of his party. However his vote may go in the making or unmaking of ministries, he has not hesitated to denounce the projected return to protection. That is a subject he had studied too long not to know the bearings, and he does not conceal his opinions. In the budget debates of a year ago he accepted the admissions of Sir Michael Hicks Beach and Mr. Chamberlain that at present no mutual fiscal arrangement could be made on the basis of free trade. He added that it was a pity this had not been long ago recognized. As for the later proposal, to repay a preference for British goods in colonial markets by relieving colonial products of duties to be imposed against the products of other countries,

"He had always been convinced that such a proposal would be one in which the mutual disadvantages far outweighed the mutual advantages. He had had occasion to look at this matter from both the colonial and the Imperial point of view, there having been a day when he gave up his political position rather than support a policy of unrestricted reciprocity with the United States, because he thought it would in its political aspects and larger tendencies be bad for his country, leading to absorption by the States. While he would be delighted at any proposals which would enlarge the natural course of trade between the colonies and the mother country, he was averse to the policy of influencing that course of trade by the unnatural restrictive method of exclusive preferential duties. This was a radically different thing from offering to lower tariff duties in favor of all nations who had done or might do likewise. That would tend towards free trade and the open door, while this was the reverse."

An Essay in Foresight.

It is rather interesting to note, in reading over the remarks Mr. Blake made last year, that he pointed to the probability of the present situation. He accepted absolutely the declaration of the Chancellor of the Exchequer that the grain tax had not been proposed by the Government in view of protection or of preferential duties, but argued that when the tax was once put on it would give the greatest facilities to them or to their successors for introducing these schemes, and when they came to consider the possibility of that danger the thing became serious indeed. Time had always made very quick changes amongst politicians as well as other persons. Still the tendencies that produced those changes were frequently manifested long before the change occurred. Changes themselves took place more rapidly in these days than formerly. And while he gave the Chancellor of the Exchequer full credit for what he said and for being determined that this tax should not be utilized in the sense and for the purpose suggested, he was not at all so sure that at some future day the tax would not be employed for

the purposes which had been referred to. He was not so certain of the resisting power of the Chancellor of the Exchequer as of his absolute straightforwardness, and later remarked that "there did not seem ground for active hostility at the moment between the Chancellor and the Secretary, though it might come later."

In this year's debate Mr. Blake was able to recall this prophecy. On the main question which now agitates England, the controversy over the rival merits of free trade and protection, Mr. Blake's opinion admits of no qualification. He said a year ago that :

"In his opinion this country was critically engaged in a strenuous effort, absolutely incumbent upon her, to renew her strength, to realize her position and to strain every nerve to promote technical education, the adaptation of supply to customers' demands, and economy in production and distribution, in a word to exhibit once again that wonderful energy, force, enterprise and organizing zeal which had made manufacturing, trading, carrying and emigrating England the envy of the world, and thus to maintain her position. At the same time, he thought there were circumstances they could not overbear, and conditions which, especially as regarded America, forbade the hope of their retaining the absolute predominance they had so long enjoyed. Yet he believed they would be able to fight their adversaries and be measurably successful, if they did not throw away their weapons, if they did not cast down the structure they had raised, if they did not destroy the foundations upon which alone they could maintain their prosperity. England's great advantage was that her policy did not rest on artificial and restrictive methods. Their position was that they rested on a solid foundation. They invited the whole world here, and got what they could of the world's trade. They not only preached but they practised free trade, as best not for themselves alone, but for all the world. But the moment they resorted to other methods they armed every protectionist country with a weapon which all would be only too delighted to obtain."

Mr. Blake scarcely hopes to pay his usual visit to Canada this year. He is

spending all his time in preparing his case in the Alaska boundary controversy, giving up, for that purpose, all participation in Privy Council law business. He will be seventy in October next, but looks as hearty and active as

ever. His intimates here, for he has a few, tell him, when he occasionally complains of failure to get sleep, that such vigor, physical and intellectual, as he shows at his age, must be allowed some qualification.

LETTER XIII.

London, July 28.—If the Congress of Chambers of Commerce at Montreal has the effect of teaching even a few Englishmen something about the economic conditions of Canada and the political predilections of its people, it will be worth the trouble, for I am bound to say that there is just now, in what one would take to be well informed circles, an astonishing absence of information on the subject. I know a Canadian who, in travelling about from place to place, carries with him a clipping from *The Herald* describing the safe recently made in Toronto for the Bank of Montreal. He gets a whole lot of entertainment out of the amazement it evokes, first because few understand what can be wanted in Canada with such a strong box, and second that we semi-barbarians could make it. The instance is typical. Here is another. A great newspaper the other day sent a representative to a Canadian in London, a friend of mine, to get some reliable information concerning the prospects of a trade arrangement. The good man had never been told about the millions invested in iron at Sydney, the Sault, Midland, Collingwood, Hamilton, Deseronto and Montreal, and had no conception of the extent of our cotton and woollen industries. When he heard about it, and realized that there was an active Canadian sentiment opposed to handing over the whole trade in these commodities to Great Britain, he wanted to go back and subject Mr. Chamberlain's proposals to the earthquake shock he felt confident such a revelation would produce.

Things Not Known.

I am constantly having like experiences myself. For instance, I met the other day a member of Parliament from the Birmingham district, who, I thought, might be able to let me into

the secret of the apparent strength of the movement which is disrupting political parties. He gave me the answer I expected, for his was a simple case of advocating protection for home manufacturers against outside competition, of which repeated examples have been given in these letters. But when we came to the Canadian question it was he who did the interviewing. He did not know anything about the extent or importance of any of these three great industries of ours, about the resultant effect upon our legislation and political opinion, or about the obstacle these two factors interposed against what he, like most others, had thought an easy and simple matter, the further reduction or removal of our duties on British cottons, woollens, and iron products. And this, be it remembered, from a leading supporter of Mr. Chamberlain, in Mr. Chamberlain's Birmingham stronghold. I'm bound to add that such information as I was able to supply did not much disconcert him, for with him protection against the German and the American was the important thing, and if Canada should turn out to be unwilling to lower the duties on steel, cotton and woollens—well, then there would not be the necessity of defending these awkward taxes on food, which somehow do not go well with the obstinate British working classes. And so it is with the average member of Parliament who supports Mr. Chamberlain. He begins by telling you that he ardently supports Mr. Chamberlain's policy; if you press him upon the Canadian question he contents himself with saying he will look for the best bargain that can be made; but if you insist upon details, you find him lacking in information, and, to tell the truth, not very much concerned about the colonial end of the debate except for the advantage it offers as a whip to

be used against the patriotism of the anti-Chamberlainites.

Lord Welby.

On the other hand, the ardent Free Traders are anxious to know about Canadian conditions and opinion, first because they all take kindly to the idea of Free Trade within the Empire and wish to know the precise objection Canadians have to it; and, second, because they believe that British opinion is being misled as to our needs and intentions. The long series of questions asked in the House of Commons by Mr. Black and others, most of which affected Canada nearly or remotely, reflect this disposition. Lord Welby, president of the Cobden Club, may be fairly taken as an example of the Free Trader. Of the hour and a half I passed in his library a few days ago, the greater part was spent in answering, as best I could, the numerous inquiries as to economic conditions in Canada which had in one way or another been suggested to his mind. Lord Welby is directly interested in the Grand Trunk, and from a study of its reports he had drawn the inference that during the past five or six years there had been a steady growth of local, as distinguished from through, traffic, and he shrewdly suspected that home manufacture and the passage of staple commodities in increased quantities between points of distribution and points of consumption had a good deal to do with this. His Lordship was much interested concerning the number and extent of our iron-working establishments, and in the recent additions to them, and quite as much in the figures from the trade returns which indicate that there has been, in the last six years, an increase in our imports of raw cotton, and therefore, beyond question, in the Canadian manufacture of cotton, altogether disproportionate to any increase in population that could have accrued in the same period. Lord Welby is one of those who are attracted by the ideal of Free Trade within the Empire, but unlike most others, he had reflected that the successful operation of even that plan, from the view point of British interests, might be interfered with, in our case, by the multitude of influences arising out of our prox-

imity to the United States. And he is keenly alive to the nature and extent of the difficulty that would have to be encountered if a Canadian Government were now to begin letting down the bars to British trade.

Tearing Down a Tariff.

"I entered the Treasury as a clerk as far back as 1856," he remarked, "so I knew what was going on when Mr. Gladstone brought down his final Free Trade budget of 1860. There were still hundreds of protected interests in Great Britain, although the thinning out had gone on for thirty years, and those interested naturally all wanted to see Mr. Gladstone. He turned them over to the Financial Secretary, with whom I worked, so I had opportunities of measuring the difficulty of a task of that sort, and of calculating the political perils of an unwise move. However, Mr. Gladstone was able to show that in getting rid of Protection all round he gave nearly everybody more advantages than he took away, and the increasing prosperity of the country at once vindicated the steps he took, steps which were only made possible, however, by the long series of measures that had gone before.

The Cobden Club.

"The Cobden Club, you know, was not in those days what it has come to be since. Its founders were mainly desirous of maintaining, in however limited fashion, the associations they had formed during a period of struggle, and to do honor to Cobden. So when the first president and founder died it was a question with many of us whether the club had not really achieved its end. But some of us, notably the late Lord Farrer, distrusted the professions of some newspapers and some people, whom he believed to be still Protectionist at heart, so we kept on with our yearly dinners. They were very slow affairs usually, and we were pressed for money. The papers, and members of Parliament, delighted to point to the club as a moribund body, but whenever anybody raised any part of the fiscal question, they all together wrote to us for the needed information, which we were supposed to have at hand. We decided, since the demand arose, to undertake this function. Not that we ever dreamed the citadel of Free Trade,

the cheap loaf, would be attacked, in our day at least, but other things, the sugar tax, for example, were always menacing us. Now that we are called upon in earnest, however, I think the club will give a good account of itself, and the large increase in membership since the Birmingham speech bears out this belief."

A Charge of Inaccuracy.

Lord Welby does not think Mr. Chamberlain is going to succeed with his plan to overthrow Free Trade. But he admits that he is prejudiced against that statesman. He holds the Colonial Secretary to be, of all things in the world, badly informed, and inaccurate about essentials. Mr. Gladstone was the opposite, and seemed to be able to detect an error in an official statement without even going into the calculations. (Lord Welby, perhaps it should be said, worked with Chancellors of the Exchequer for fifty years, and carries into the House of Lords the prestige thus earned.) I had to concede something to this opinion when a couple of hours later I heard Mr. Chamberlain tell the House he knew nothing of the Laurier-Bopp correspondence, and a little later the same day a gentleman offered to let me mention his name as authority for the statement that only a few days ago Mr. Chamberlain was unaware that the colonies and Great Britain once worked under some such arrangement as he now suggests. It seems incredible, but so did the other. Lord Welby says Mr. Gladstone's eye would have flashed lightning at any official who proffered such a statement about the purchases of British goods by the colonies as Mr. Chamberlain the other day quoted in all good faith. His critics also claim that when he was president of the Board of Trade he failed with a merchants' shipping bill because he wholly failed to understand the bearings of the subject, and that the secret of the abandonment of his old age pension scheme is simply that he had not, when he launched it, either comprehended the magnitude of the undertaking, nor known the history of past failures. Mr. Chamberlain is inaccurate, his critics say, about everything except the ballot box. But they concede that there

he has a record which gives occasion for alarm.

Free Trade Will Pull Through.

Lord Welby does not share the alarm. He believes that if Free Traders refuse to follow their opponents into by-paths, and resolutely stick to the main argument, the workingmen of England will not allow food to be taxed. He is also, as one who has watched the Colonial Empire grow from small economic beginnings to its present strength, gravely concerned lest out of a series of difficult and perhaps mutually unsatisfactory bargainings, there should arise, on the one side or the other, a feeling of impatience in which might germinate the seeds of disintegration. He is rather disposed, I think, to look for trouble here at home. A thoughtful prelate said to him not long ago, in a London quarter, "Don't these people look underfed?" And he utterly discredits the theory that by any possibility a tax on bread could conduce to their being better fed. What he fears is that they may be led astray, for he has observed, in the cases of many men of high intelligence and high station, a lack of that economic training which would fit them to properly grasp the essentials of the situation. If it be so in their case, he reflects, how can it be assumed with safety that the less instructed are more wise? "We are all praising the Prince of Wales for telling us we must wake up," he commented, "and here we have a proposal which is breaking up the parties, and based on what? On the desire of certain manufacturers for protective legislation whose tendency would be, as they suppose, to enable them to disregard that advice."

Long Ago Preferences.

Since the preferential trade question became of such immediate interest as to threaten a break up of the Conservative party, there has naturally been a good deal of inquiry concerning the old system under which Great Britain and the colonies actually gave mutual preferences, a system which disappeared with the coming of Free Trade a half century ago. In the House of Commons the Government have been asked if they will produce all available information touching the subject. In the House of Lords and in a magazine

article Lord Welby has retailed some very interesting reminiscences. I am told that a history of that period is being prepared for general distribution by a writer of some eminence. It seemed to me, therefore, that before leaving London I might profitably employ a few hours at the British Museum, that reservoir of all manner of knowledge, consulting some documents applicable to the Canadian case. One gathers from a reading of the debates of the day, say about 1840, that Canada and Canadian trade did not cut much of a figure in the controversy that raged, except as to the timber duties. When people talked of colonial produce they thought mostly of West Indian sugar. The witnesses heard by the famous Committee on Imports in 1840, whose report is said to have convinced Peel that protection ought to be abandoned, were agreed that Canada and the other colonies would be glad to forego the advantages they had in the British market, if only Free Trade would relieve them of the disadvantages under which their trade suffered. Substantiation of this view came in 1846, from no less important bodies than the Boards of Trade of Montreal and Toronto.

England Via the Colonies.

The evidence bearing on the Canadian case, as laid before the Committee on Imports in 1840, came in only incidentally, and was considered valuable only inasmuch as it had a direct bearing on the main issue then under trial. What strikes one as decidedly curious is that more than one witness testified that very little grain came from Canada at that time. Ontario farmers, no doubt, were consuming most of what they used, but a memorial originating at Toronto, quoted later, provides another explanation. One witness, Mr. Brookey, however, was asked,

"Do not the Canadians import from the United States?"

"Not wheat," was the answer. "They buy wheat and grind it into flour, and then it gets into our colonies in the West Indies, and then into this country as plantation flour at the low duty."

Recognition of this, coupled with the desire to reduce the taxes on bread, doubtless led to the act of 1843, which

admitted at the preferential duty flour from American grain ground in Canadian mills, an enactment which diverted a lot of Canadian capital into grist mills, and left a lot of Canadians very angry when Free Trade, coming in 1846, spoiled the investment.

The timber duties were, however, the Canadian mainstay. A Mr. McGregor, in his testimony, said the duty on hard woods was 5 shillings, and on pine 10 shillings, when coming from the colonies, as against £2 15 shillings when of foreign origin, an "adequate protection" no doubt, of say 450 per cent.

"Have you not known," a Mr. Mitchell was asked, "cargoes of timber sent from Norway to the British possessions in North America, and then brought here as colonial timber?"

"Yes," he replied, "that has happened with timber from Memel, but it has been stopped."

The freight on timber from Memel, on the Baltic, was from 18 to 21 shillings a load. From Quebec it was 43 shillings at the same time. But the duties on Quebec timber was 10 shillings, and on the Baltic 55 shillings, and it was found worth while to ship the latter to Canada and then back again, instead of sending it straight to England. Wines from France, in the same way, used to enter England by way of the Cape of Good Hope.

Naturally, those who had to pay for the timber, the wine, and the flour, had their doubts about the utility of paying these extra freights. In the Canadian timber case the doubts were strengthened by a letter from Baron Von Humboldt to Lord Castlereagh, containing the information, confirmed by men in the trade, that much of the "Canadian" timber was cut in the United States, and much of the work on the genuine "Canadian" done by American workmen. Manufacturing and navigation, the report of the Imports Committee affirmed, were injured by a system which forced them to pay vastly too much for their timber to take Canadian timber, which did not suit their purpose so well, and do without the Baltic timber, which was what they wanted.

Curiously enough, the shipping men did not want the duties repealed, al-

though ships were then made of wood. The odd reason they gave was that only the poorest ships were employed in the Canadian trade, and if this inducement were withdrawn, they would have to go out of business.

Some Old Resolutions.

On the other side of the accounting one finds an interesting statement put forward by the Free Trade Association of Montreal, of which John Young was president. This association had evidently been formed in Montreal in sympathy with the free trade movement then going forward in Great Britain, but the belief of its members plainly was that, if the adoption of free trade by Britain would result in greater commercial freedom for Canada it would be a good thing all round. In this memorial, which was duly forwarded, British statesmen are reminded that in exchange for the preferences granted colonial commodities, such articles as harness, hardware, leather, cotton, linen, woollens, paper and a lot of others paid only 5 per cent. when coming from Britain, as against 12 per cent. when from other countries. The Montreal Board of Trade, on Aug. 26, 1846, followed this up by a calculation that "the amount thus lost to Canada through being forced to buy outside the cheapest markets amounted to £104,555 a year." The Board, noting the probability that the free trade policy would be adopted in England, asked by resolution for the repeal of these differential duties. A greater difficulty, however, arose from the operation of the old navigation laws, long held to be the foundation of Imperial security, under whose provisions all imports to Canada had to come in British ships. Moreover, there were only a limited number of ports of entry. Merchants chafed under these restrictions, and

the documents of the time contain many calculations showing how Montreal was put at disadvantage in the competition with New York.

A Preference That Failed.

On September 9, 1846, Mr. George Percival Ridout being then chairman, the Toronto Board of Trade adopted and forwarded resolutions in the same sense, and added that they "cannot conceal from your Majesty the fact that the protection generally supposed to be enjoyed by the agriculturists of Canada in consequence of the preference given to their products in the markets of your Majesty's kingdom by the provisions of the late British corn laws, has not been fully realized by them; the exorbitant freight and heavy rates of insurance paid on shipments from the port of Montreal, added to the other disadvantages connected with the navigation of the River St. Lawrence, having been found nearly adequate to neutralize the remission of duty intended to operate in their favor. Your petitioners have, with much pain, frequently had occasion to observe that, when the state of the British market had been most propitious to the export of Canadian wheat and flour, the combination of a few shipowners or their agents had completely blasted all their hopes and intercepted the boon."

We occasionally read complaints wholly unlike this even in these days, when it is no longer the main aim of British policy to keep wheat at or near \$2.50 a bushel, and when wheat no longer is thrown into the Thames after rotting in elevators, where it was stored till fluctuations of price and duty should make possible its sale to the people who hungered in the adjoining streets.

LETTER XIV.

Where British politicians are themselves admittedly puzzled almost beyond hope, it must necessarily be difficult in the extreme for a stranger to successfully diagnose the political situation in Great Britain, affected as it must be by innumerable intimate con-

siderations which find little or no frank expression. Those who have studied the conditions which underlie the political controversy, and those who speculate upon the relative capacities, dispositions and ambitions of the leading public men, are alike unable to

agree about what is happening or what is going to happen. Naturally, all interest centres in Mr. Chamberlain. His friends and his enemies both feel that if they could find out why he has taken his present course, and what backing he depends upon, the prospect would be very much clearer in all directions.

The Unfriendly View.

Those who dislike Mr. Chamberlain are pretty much agreed in adopting the theory thus put forward in a conversation I had with one of them.

"When Mr. Chamberlain came back from Africa, with some agreements in his pocket which enabled the British public to forget that part of the world for a time and attend to other business, he found himself in rather an awkward situation. There was to be no further chance of rallying the masses over South Africa. The Nonconformists, from which body he has always drawn the bulk of his support, are up in arms against the Government over the Education Act. That mild form of martyrdom known as "passive resistance," and which takes visible form in being "sold up" by friendly justices of the peace, has become quite the fashion. People are generally discontented over the inefficiency of the War Office, and the fact that the bills for the war are coming in does not put them in any better humor. Mr. Chamberlain, then, saw quickly that he was heading straight for a precipice, and, because he did not want to talk about education or taxation, decided to talk about something else. Moreover, it was generally considered by the politicians that he had experienced a decisive reverse when it was decided to repeal the grain tax. Although Sir Michael Hicks-Beach, in introducing it a year ago, stoutly denied that it was designed to facilitate the making of preferential arrangements with the colonies, it was generally considered that Mr. Chamberlain had scored, because the tax was there, and Sir Michael might not always be. So that when the tax was repealed, Mr. Chamberlain was not merely set back to where he was a year ago, but had experienced a marked diminution of prestige. His Birmingham speech was taken to mean

that he proposed to resent the slight. We hear, indeed, that he did actually offer to resign, but was dissuaded by his son. There are those who blame Mr. Balfour for not letting him go, and who think it could have been done without danger of the party's losing office. However, that course has been averted for the present.

"Remark, however, to what quarter Mr. Chamberlain turned for support. He has always been suspected by that stern Toryism which is represented by the land interest. He now makes himself the champion of that interest, just as Disraeli, also a Radical in his youth, did in 1846. How far he has succeeded in conciliating them remains to be seen, but it is already certain that, after advocating taxes on food, land-owners would not strenuously object if he should in the course of a couple of years become leader of the party. Does Mr. Balfour want him to be leader? That nobody knows. But it is instructive to note that while the Morning Post and the Daily Telegraph extoll Mr. Chamberlain at the expense of Mr. Balfour, the Standard, looked upon as the official organ of the Government, consistently attacks the Chamberlain policy, and even calls for his resignation. And the bluff Duke of Devonshire, after taking the highly unusual step of actually talking in the House of Lords about the possibility of Mr. Chamberlain resigning, adds with amazing frankness that, of course, he and the other Free Traders in the Cabinet could not resign, and by so doing leave the field of battle to the Protectionists. There is no solvent except time for such a situation as this."

The Friendly View.

The friendly view was succinctly expressed by Mr. Parker Smith, M. P., at the Empire Trade League meeting. "Politics have been rather dull of late," he said, "but we have now a great cause and a great leader." The speaker is Mr. Chamberlain's private secretary, the "great cause" is Mr. Chamberlain's "defence of native industry against unnatural competition," and not Mr. Balfour's "open mind"; and the "great leader" is Mr. Chamberlain, not Mr. Balfour.

And here comes in the ever-interesting personal factor. Human nature be-

ing what it is, there are a number of the politicians, especially of the younger politicians, who cleave to the man who knows his mind and who has the way of getting what he goes after. I hear of at least one case of a young member who admits to his intimates that he is a convinced Free Trader, that he has no use for Mr. Chamberlain's fiscal proposals, and who yet says "I'm going to stick to 'Joe' because he's going to come out on top." You never can tell how far this extends, but as you question a number of members of Parliament about the merits of the proposals, and especially about the Colonial aspect of it, you feel that there must be a good many who have caught the infection. They are not clear even about what the policy is going to be, whether it will touch food and raw material, or whether it will only protect makers of finished articles. They are leaving it all to "Joe," and have given him proxies for their minds and voices until he is free to speak out. Undoubtedly, also, there are vast numbers who sincerely believe that Mr. Chamberlain's training as a man of affairs peculiarly fits him to deal with the constructive problem presented when so vast a work as the business reorganization of the Empire is attempted, and his success in South Africa has been the means of further exalting his fame and influence. There is a strong body of British opinion favoring the view that the colonies ought to be available as a preferred field for British trade, if for no other Imperial purpose, and there is much undemonstrative backing for the old Disraelian idea that the colonies ought never to have been given power to tax British goods. Whether these views will prevail remains to be seen. It is said Mr. Chamberlain goes so far as to tell those of his supporters who are nearest to him that he expects to be beaten at the first election, that a weak Liberal Cabinet will come in, that it will go to pieces in less than two years, and that then the country will rally to him. The interview with Captain Lee already forwarded to The Herald seems to substantiate these stories.

The Pros and Cons Of It.

As to the forces at work, perhaps nothing but an election will define them. Protectionist landlords are rallying to Mr. Chamberlain, but not all landlords are for Protection. Farm laborers seem, if the Castle Barnard election affords an indication, to be unconvinced that taxes on food would improve their lot, which is none of the best. Of the manufacturers, those whose main business is with other countries, are, in the main, opposed, although there may be exceptions. Those whose principal market is at home are inclined to nibble at the Protectionist bait. In a country where industry is so complex, however, it is difficult to strike a balance between the probabilities of profit and loss to any particular industry involved in a return to a system of general taxation. I heard the other day, for example, of a man in the iron trade who was very indignant at the German "dumping" process, because he had been hard hit; but meeting my informant a few months later, he said, "I withdraw all I said about the 'dump.' If it had not been for the amount of German pig iron 'dumped' in our market since I saw you, which brought down the price five shillings a ton, we could not have kept the mills running." And so it goes all through the web of industry in this industrial hive. You always hear from the man who is hit; the other man, who profits by buying more cheaply, says less about it.

Not that the support for Mr. Chamberlain will not be strong. It undoubtedly will, particularly as he shrewdly withholds his plan till he gets his verdict, and everyone who has a grievance is free to think he will get a remedy if he supports "Joe." I was sent to one man, for example, who, I was told, wants protection on everything, but on coffee pots first. So he does. He makes coffee pots. He does not sell any in Canada, but he was willing to give us almost anything we wanted, arguing, however, that when we got it we would grow so much grain that we would have to take a great deal less for it. Another defender of native industry is a papermaker, who kept the prices up so high that

the newspapers combined to lay in a considerable supply. Faced with that argument, he modernized his plant and brought down the prices. Now he wants pulp let in free and paper taxed. Another believes in Free Trade, but he thinks something ought to be done about the quantities of cloth for pocket linings sent in from Germany at less than cost. How many men there are like this, and what their influence is, only an election can tell.

The labor leaders and the co-operative societies are dead against Protection. The cotton operatives have joined with the employers in a manifesto against it, and the Co-operative Congress declared against Mr. Chamberlain at their congress held in Birmingham itself.

Imperialism and the Taxpayer.

It will take time to learn how great is the pressure coming from the discontented income taxpayer, and how that pressure is to be measured in votes. That Englishmen are reaching the limit beyond which taxation becomes very objectionable was perhaps very well indicated by the announcement made by Mr. Brodrick that India is to be asked to contribute to the maintenance of a garrison of 25,000 men in South Africa. Where the practice thus

initiated may lead to no man knoweth, and what controversies it may involve few care to think upon. The suggestion was met by a chorus expressing surprise and dissent when it was made in the House, for it is not the Englishman's way to ask for help. In the case of India, of course, the House is pretty well able to dictate the answer, which much modifies the difficulty. Undoubtedly much of the support Mr. Chamberlain is getting has to do with the belief that, in the long run, the colonies can be drawn into the closest relations, financial, military and political, and that the commercial project is only the beginning. From what one can hear, also, there is an abrupt and irreconcilable division of opinion touching the wisdom of entering upon such a course, and it might be hard to discover upon which side of the controversy the preponderance of sound judgment is to be found. What is clear is that Mr. Chamberlain, and apparently Mr. Chamberlain alone, does not hesitate. His mind is made up, his course is mapped out. The rest of England moves more slowly, but it is in motion, and will not come to rest again until a verdict has been rendered which will stand good for another fifty years.

Montreal, August 15, 1903.

